



ANNUAL STATEMENT  
For the Year Ending DECEMBER 31, 2016  
OF THE CONDITION AND AFFAIRS OF THE  
Meridian Health Plan of Michigan, Inc.

NAIC Group Code	4640 (Current Period)	4640 (Prior Period)	NAIC Company Code	52563	Employer's ID Number	38-3253977
Organized under the Laws of	Michigan		State of Domicile or Port of Entry	MI		
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health[ ] Dental Service Corporation[ ] Other[ ]		Property/Casualty[ ] Vision Service Corporation[ ] Is HMO Federally Qualified? Yes[X] No[ ] N/A[ ]		Hospital, Medical & Dental Service or Indemnity[ ] Health Maintenance Organization[X]	
Incorporated/Organized	12/31/1995		Commenced Business	12/31/1995		
Statutory Home Office	1 Campus Martius, Suite 700 (Street and Number)		Detroit, MI, US 48226 (City or Town, State, Country and Zip Code)			
Main Administrative Office			1 Campus Martius, Suite 700 (Street and Number)			
	Detroit, MI, US 48226 (City or Town, State, Country and Zip Code)				(313)324-3700 (Area Code) (Telephone Number)	
Mail Address	1 Campus Martius, Suite 700 (Street and Number or P.O. Box)		Detroit, MI, US 48226 (City or Town, State, Country and Zip Code)			
Primary Location of Books and Records			1 Campus Martius, Suite 700 (Street and Number)			
	Detroit, MI, US 48226 (City or Town, State, Country and Zip Code)				(313)324-3700 (Area Code) (Telephone Number)	
Internet Website Address	www.mhplan.com					
Statutory Statement Contact	Matthew Agnone (Name)		(313)324-3700 (Area Code)(Telephone Number)(Extension)			
	matthew.agnone@mhplan.com (E-Mail Address)		(313)324-1822 (Fax Number)			

OFFICERS

Name	Title
Jon B. Cotton	President
Sean P. Cotton	Secretary
Janice Torosian	Treasurer

OTHERS

DIRECTORS OR TRUSTEES

George Ellis  
David B. Cotton M.D.

Karie Pasternak

State of Michigan  
County of Wayne ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature) Jon B. Cotton (Printed Name) 1. President (Title)	(Signature) Sean P. Cotton (Printed Name) 2. Secretary (Title)	(Signature) Janice Torosian (Printed Name) 3. Treasurer (Title)
Subscribed and sworn to before me this day of , 2017	a. Is this an original filing? b. If no, 1. State the amendment number 2. Date filed 3. Number of pages attached	Yes[X] No[ ]   
(Notary Public Signature)		

ASSETS

		Current Year			Prior Year
		1	2	3	4
		Assets	Nonadmitted Assets	Net Admitted Assets (Cols.1-2)	Net Admitted Assets
1.	Bonds (Schedule D) .....	99,861,219		99,861,219	88,015,107
2.	Stocks (Schedule D):				
2.1	Preferred stocks .....				
2.2	Common Stocks .....	11,478,133		11,478,133	10,724,541
3.	Mortgage loans on real estate (Schedule B):				
3.1	First liens .....				
3.2	Other than first liens .....				
4.	Real estate (Schedule A):				
4.1	Properties occupied by the company (less \$.....0 encumbrances) .....				
4.2	Properties held for the production of income (less \$.....0 encumbrances) .....				
4.3	Properties held for sale (less \$.....0 encumbrances) .....				
5.	Cash (\$.....225,761,032, Schedule E Part 1), cash equivalents (\$.....0, Schedule E Part 2) and short-term investments (\$.....83,072,839, Schedule DA) .....	308,833,871		308,833,871	298,151,735
6.	Contract loans (including \$.....0 premium notes) .....				
7.	Derivatives (Schedule DB) .....				
8.	Other invested assets (Schedule BA) .....	1,447,114	1,248,375	198,739	231,664
9.	Receivables for securities .....				
10.	Securities Lending Reinvested Collateral Assets (Schedule DL) .....				
11.	Aggregate write-ins for invested assets .....				
12.	Subtotals, cash and invested assets (Lines 1 to 11) .....	421,620,337	1,248,375	420,371,962	397,123,047
13.	Title plants less \$.....0 charged off (for Title insurers only) .....				
14.	Investment income due and accrued .....	1,598,126	50,975	1,547,151	1,007,828
15.	Premiums and considerations:				
15.1	Uncollected premiums and agents' balances in the course of collection .....	64,343,426		64,343,426	24,965,178
15.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 earned but unbilled premiums) .....				
15.3	Accrued retrospective premiums (\$.....5,915,053) and contracts subject to redetermination (\$.....0) .....	5,915,053		5,915,053	3,728,924
16.	Reinsurance:				
16.1	Amounts recoverable from reinsurers .....	4,122,280		4,122,280	2,888,920
16.2	Funds held by or deposited with reinsured companies .....				
16.3	Other amounts receivable under reinsurance contracts .....				
17.	Amounts receivable relating to uninsured plans .....	9,206,323	7,178	9,199,145	11,815,159
18.1	Current federal and foreign income tax recoverable and interest thereon .....				
18.2	Net deferred tax asset .....	944,677		944,677	1,075,214
19.	Guaranty funds receivable or on deposit .....				
20.	Electronic data processing equipment and software .....				
21.	Furniture and equipment, including health care delivery assets (\$.....0) .....				
22.	Net adjustment in assets and liabilities due to foreign exchange rates .....				
23.	Receivables from parent, subsidiaries and affiliates .....				
24.	Health care (\$.....30,920,306) and other amounts receivable .....	31,275,415	355,109	30,920,306	35,042,808
25.	Aggregate write-ins for other than invested assets .....	3,027	3,027		
26.	TOTAL Assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	539,028,664	1,664,664	537,364,000	477,647,078
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
28.	TOTAL (Lines 26 and 27) .....	539,028,664	1,664,664	537,364,000	477,647,078
DETAILS OF WRITE-INS					
1101.	.....				
1102.	.....				
1103.	.....				
1198.	Summary of remaining write-ins for Line 11 from overflow page .....				
1199.	TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) .....				
2501.	Deposits .....	3,027	3,027		
2502.	.....				
2503.	.....				
2598.	Summary of remaining write-ins for Line 25 from overflow page .....				
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	3,027	3,027		

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$.....0 reinsurance ceded) .....	308,286,975		308,286,975	293,679,311
2.	Accrued medical incentive pool and bonus amounts .....	2,949,393		2,949,393	2,656,594
3.	Unpaid claims adjustment expenses .....				1,470,548
4.	Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act .....	6,436,936		6,436,936	404,601
5.	Aggregate life policy reserves .....				
6.	Property/casualty unearned premium reserves .....				
7.	Aggregate health claim reserves .....				
8.	Premiums received in advance .....	358,333		358,333	134,924
9.	General expenses due or accrued .....	9,528,408		9,528,408	11,150,771
10.1	Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses)) .....	5,517,680		5,517,680	1,028,019
10.2	Net deferred tax liability .....				
11.	Ceded reinsurance premiums payable .....				
12.	Amounts withheld or retained for the account of others .....				
13.	Remittances and items not allocated .....				
14.	Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current) .....				
15.	Amounts due to parent, subsidiaries and affiliates .....	18,917,654		18,917,654	13,529,300
16.	Derivatives .....				
17.	Payable for securities .....				
18.	Payable for securities lending .....				
19.	Funds held under reinsurance treaties (with \$.....0 authorized reinsurers, \$.....0 unauthorized reinsurers and \$.....0 certified reinsurers) .....				
20.	Reinsurance in unauthorized and certified (\$.....0) companies .....				
21.	Net adjustments in assets and liabilities due to foreign exchange rates .....				
22.	Liability for amounts held under uninsured plans .....	28,189		28,189	157,070
23.	Aggregate write-ins for other liabilities (including \$.....0 current) .....				
24.	TOTAL Liabilities (Lines 1 to 23) .....	352,023,568		352,023,568	324,211,138
25.	Aggregate write-ins for special surplus funds .....	X X X	X X X		36,414,297
26.	Common capital stock .....	X X X	X X X	44,700	44,700
27.	Preferred capital stock .....	X X X	X X X		
28.	Gross paid in and contributed surplus .....	X X X	X X X	83,451,363	56,451,363
29.	Surplus notes .....	X X X	X X X		
30.	Aggregate write-ins for other than special surplus funds .....	X X X	X X X		
31.	Unassigned funds (surplus) .....	X X X	X X X	101,844,369	60,525,580
32.	Less treasury stock, at cost:				
32.1	.....0 shares common (value included in Line 26 \$.....0) .....	X X X	X X X		
32.2	.....0 shares preferred (value included in Line 27 \$.....0) .....	X X X	X X X		
33.	TOTAL Capital and Surplus (Lines 25 to 31 minus Line 32) .....	X X X	X X X	185,340,432	153,435,940
34.	TOTAL Liabilities, Capital and Surplus (Lines 24 and 33) .....	X X X	X X X	537,364,000	477,647,078
DETAILS OF WRITE-INS					
2301.	.....				
2302.	.....				
2303.	.....				
2398.	Summary of remaining write-ins for Line 23 from overflow page .....				
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above) .....				
2501.	Estimate of ACA Health Insurer Fee Surplus .....	X X X	X X X		36,414,297
2502.	.....	X X X	X X X		
2503.	.....	X X X	X X X		
2598.	Summary of remaining write-ins for Line 25 from overflow page .....	X X X	X X X		
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	X X X	X X X		36,414,297
3001.	.....	X X X	X X X		
3002.	.....	X X X	X X X		
3003.	.....	X X X	X X X		
3098.	Summary of remaining write-ins for Line 30 from overflow page .....	X X X	X X X		
3099.	TOTALS (Lines 3001 through 3003 plus 3098) (Line 30 above) .....	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
1.	Member Months .....	X X X .....	5,869,051	5,153,310
2.	Net premium income (including \$.....0 non-health premium income) .....	X X X .....	2,362,733,763	2,069,742,591
3.	Change in unearned premium reserves and reserve for rate credits .....	X X X .....		
4.	Fee-for-service (net of \$.....0 medical expenses) .....	X X X .....		
5.	Risk revenue .....	X X X .....		
6.	Aggregate write-ins for other health care related revenues .....	X X X .....	58,106,137	43,496,139
7.	Aggregate write-ins for other non-health revenues .....	X X X .....		
8.	TOTAL Revenues (Lines 2 to 7) .....	X X X .....	2,420,839,900	2,113,238,730
Hospital and Medical:				
9.	Hospital/medical benefits .....		1,584,682,184	1,381,819,692
10.	Other professional services .....		82,484,580	11,877,880
11.	Outside referrals .....		47,356,002	103,151,335
12.	Emergency room and out-of-area .....		29,494,624	23,759,488
13.	Prescription drugs .....		277,294,327	224,944,047
14.	Aggregate write-ins for other hospital and medical .....		337,372	327,567
15.	Incentive pool, withhold adjustments and bonus amounts .....		12,316,808	11,630,363
16.	Subtotal (Lines 9 to 15) .....		2,033,965,897	1,757,510,372
Less:				
17.	Net reinsurance recoveries .....		4,672,362	4,188,094
18.	TOTAL Hospital and Medical (Lines 16 minus 17) .....		2,029,293,535	1,753,322,278
19.	Non-health claims (net) .....			
20.	Claims adjustment expenses, including \$.....953,925 cost containment expenses .....		7,804,708	8,438,081
21.	General administrative expenses .....		359,759,848	328,865,346
22.	Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only) .....			
23.	TOTAL Underwriting Deductions (Lines 18 through 22) .....		2,396,858,091	2,090,625,705
24.	Net underwriting gain or (loss) (Lines 8 minus 23) .....	X X X .....	23,981,809	22,613,025
25.	Net investment income earned (Exhibit of Net Investment Income, Line 17) .....		2,039,026	1,175,085
26.	Net realized capital gains (losses) less capital gains tax of \$.....(43,583) .....		(84,602)	243,750
27.	Net investment gains (losses) (Lines 25 plus 26) .....		1,954,424	1,418,835
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)] .....			
29.	Aggregate write-ins for other income or expenses .....		38,526	184,201
30.	Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29) .....	X X X .....	25,974,759	24,216,061
31.	Federal and foreign income taxes incurred .....	X X X .....	22,103,832	17,387,893
32.	Net income (loss) (Lines 30 minus 31) .....	X X X .....	3,870,927	6,828,168
DETAILS OF WRITE-INS				
0601.	ACA Insurer Fee .....	X X X .....	58,106,137	43,496,139
0602.	.....	X X X .....		
0603.	.....	X X X .....		
0698.	Summary of remaining write-ins for Line 6 from overflow page .....	X X X .....		
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	X X X .....	58,106,137	43,496,139
0701.	.....	X X X .....		
0702.	.....	X X X .....		
0703.	.....	X X X .....		
0798.	Summary of remaining write-ins for Line 7 from overflow page .....	X X X .....		
0799.	TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above) .....	X X X .....		
1401.	Hearing/Speech devices .....		337,372	327,567
1402.	.....			
1403.	.....			
1498.	Summary of remaining write-ins for Line 14 from overflow page .....			
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above) .....		337,372	327,567
2901.	Miscellaneous revenue .....		38,526	184,201
2902.	.....			
2903.	.....			
2998.	Summary of remaining write-ins for Line 29 from overflow page .....			
2999.	TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above) .....		38,526	184,201

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year .....	153,435,940	107,399,484
34.	Net income or (loss) from Line 32 .....	3,870,927	6,828,168
35.	Change in valuation basis of aggregate policy and claim reserves .....		
36.	Change in net unrealized capital gains (losses) less capital gains tax of \$.....320,482 ...	576,521	(411,634)
37.	Change in net unrealized foreign exchange capital gain or (loss) .....		
38.	Change in net deferred income tax .....	186,499	(465,073)
39.	Change in nonadmitted assets .....	270,545	84,995
40.	Change in unauthorized and certified reinsurance .....		
41.	Change in treasury stock .....		
42.	Change in surplus notes .....		
43.	Cumulative effect of changes in accounting principles .....		
44.	Capital Changes:		
44.1	Paid in .....		
44.2	Transferred from surplus (Stock Dividend) .....		
44.3	Transferred to surplus .....		
45.	Surplus adjustments:		
45.1	Paid in .....	27,000,000	40,000,000
45.2	Transferred to capital (Stock Dividend) .....		
45.3	Transferred from capital .....		
46.	Dividends to stockholders .....		
47.	Aggregate write-ins for gains or (losses) in surplus .....		
48.	Net change in capital and surplus (Lines 34 to 47) .....	31,904,492	46,036,456
49.	Capital and surplus end of reporting year (Line 33 plus 48) .....	185,340,432	153,435,940
DETAILS OF WRITE-INS			
4701.	0 .....		
4702.	.....		
4703.	.....		
4798.	Summary of remaining write-ins for Line 47 from overflow page .....		
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above) .....		

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance .....	2,329,921,433	2,043,488,514
2.	Net investment income .....	3,362,714	1,987,619
3.	Miscellaneous income .....	60,235,184	39,909,565
4.	TOTAL (Lines 1 through 3) .....	2,393,519,331	2,085,385,698
5.	Benefit and loss related payments .....	2,015,895,100	1,657,880,415
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....		
7.	Commissions, expenses paid and aggregate write-ins for deductions .....	368,138,989	342,036,905
8.	Dividends paid to policyholders .....		
9.	Federal and foreign income taxes paid (recovered) net of \$(43,583) tax on capital gains (losses) .....	17,297,135	18,489,207
10.	TOTAL (Lines 5 through 9) .....	2,401,331,224	2,018,406,527
11.	Net cash from operations (Line 4 minus Line 10) .....	(7,811,893)	66,979,171
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds .....	62,685,628	34,443,952
12.2	Stocks .....	2,613,190	7,257,011
12.3	Mortgage loans .....		
12.4	Real estate .....		
12.5	Other invested assets .....	41,835	39,099
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments .....		
12.7	Miscellaneous proceeds .....	32,990	217,254
12.8	TOTAL Investment proceeds (Lines 12.1 to 12.7) .....	65,373,643	41,957,316
13.	Cost of investments acquired (long-term only):		
13.1	Bonds .....	76,219,641	69,882,255
13.2	Stocks .....	2,759,893	7,253,645
13.3	Mortgage loans .....		
13.4	Real estate .....		
13.5	Other invested assets .....		
13.6	Miscellaneous applications .....	288,435	117,245
13.7	TOTAL Investments acquired (Lines 13.1 to 13.6) .....	79,267,968	77,253,145
14.	Net increase (decrease) in contract loans and premium notes .....		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) .....	(13,894,326)	(35,295,829)
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes .....		
16.2	Capital and paid in surplus, less treasury stock .....	27,000,000	40,000,000
16.3	Borrowed funds .....		
16.4	Net deposits on deposit-type contracts and other insurance liabilities .....		
16.5	Dividends to stockholders .....		
16.6	Other cash provided (applied) .....	5,388,354	10,866,865
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) .....	32,388,354	50,866,865
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	10,682,135	82,550,207
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year .....	298,151,735	215,601,528
19.2	End of year (Line 18 plus Line 19.1) .....	308,833,871	298,151,735

Note: Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

20.0001			
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ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

		1	2	3	4	5	6	7	8	9	10
		Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1.	Net premium income .....	2,362,733,763	5,620,209					130,131,535	2,223,034,977	3,947,042	
2.	Change in unearned premium reserves and reserve for rate credit .....										
3.	Fee-for-service (net of \$.....0 medical expenses) .....										X X X .....
4.	Risk revenue .....										X X X .....
5.	Aggregate write-ins for other health care related revenues .....	58,106,137							58,106,137		X X X .....
6.	Aggregate write-ins for other non-health care related revenues .....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
7.	TOTAL Revenues (Lines 1 to 6) .....	2,420,839,900	5,620,209					130,131,535	2,281,141,114	3,947,042	
8.	Hospital/medical benefits .....	1,584,682,184	2,950,615					102,089,463	1,479,642,106		X X X .....
9.	Other professional services .....	82,484,580	14,718					3,837,678	78,632,184		X X X .....
10.	Outside referrals .....	47,356,002	52,848					4,066,892	43,236,262		X X X .....
11.	Emergency room and out-of-area .....	29,494,624	62,132					2,780,058	26,652,434		X X X .....
12.	Prescription drugs .....	277,294,327	805,349					14,777,663	256,930,262	4,781,053	X X X .....
13.	Aggregate write-ins for other hospital and medical .....	337,372	71					8,368	328,933		X X X .....
14.	Incentive pool, withhold adjustments and bonus amounts .....	12,316,808						458,186	11,858,622		X X X .....
15.	Subtotal (Lines 8 to 14) .....	2,033,965,897	3,885,733					128,018,308	1,897,280,803	4,781,053	X X X .....
16.	Net reinsurance recoveries .....	4,672,362						110,723	4,561,639		X X X .....
17.	TOTAL Hospital and Medical (Lines 15 minus 16) .....	2,029,293,535	3,885,733					127,907,585	1,892,719,164	4,781,053	X X X .....
18.	Non-health claims (net) .....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
19.	Claims adjustment expenses including \$.....953,925 cost containment expenses .....	7,804,708	16,296					1,331,243	6,457,169		
20.	General administrative expenses .....	359,759,848	1,196,999					13,481,731	344,398,436	682,682	
21.	Increase in reserves for accident and health contracts .....										X X X .....
22.	Increase in reserves for life contracts .....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
23.	TOTAL Underwriting Deductions (Lines 17 to 22) .....	2,396,858,091	5,099,028					142,720,559	2,243,574,769	5,463,735	
24.	Net underwriting gain or (loss) (Line 7 minus Line 23) .....	23,981,809	521,181					(12,589,024)	37,566,345	(1,516,693)	
DETAILS OF WRITE-INS											
0501.	ACA Insurer Fee .....	58,106,137							58,106,137		X X X .....
0502.	.....										X X X .....
0503.	.....										X X X .....
0598.	Summary of remaining write-ins for Line 5 from overflow page .....										X X X .....
0599.	TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above) .....	58,106,137							58,106,137		X X X .....
0601.	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0602.	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0603.	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0698.	Summary of remaining write-ins for Line 6 from overflow page .....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
1301.	Hearing/Speech Devices .....	337,372	71					8,368	328,933		X X X .....
1302.	.....										X X X .....
1303.	.....										X X X .....
1398.	Summary of remaining write-ins for Line 13 from overflow page .....										X X X .....
1399.	TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above) .....	337,372	71					8,368	328,933		X X X .....

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 1 - PREMIUMS

		1	2	3	4
		Direct	Reinsurance	Reinsurance	Net Premium
Line of Business		Business	Assumed	Ceded	Income
					(Columns
					1 + 2 - 3)
1.	Comprehensive (hospital and medical) .....	5,676,391		56,182	5,620,209
2.	Medicare Supplement .....				
3.	Dental only .....				
4.	Vision only .....				
5.	Federal Employees Health Benefits Plan .....				
6.	Title XVIII - Medicare .....	130,220,049		88,514	130,131,535
7.	Title XIX - Medicaid .....	2,225,041,223		2,006,246	2,223,034,977
8.	Other health .....	3,947,042			3,947,042
9.	Health subtotal (Lines 1 through 8) .....	2,364,884,705		2,150,942	2,362,733,763
10.	Life .....				
11.	Property/casualty .....				
12.	TOTALS (Lines 9 to 11) .....	2,364,884,705		2,150,942	2,362,733,763



UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct .....	2,007,321,331	2,370,862					126,223,929	1,873,693,926	5,032,614	
1.2 Reinsurance assumed .....										
1.3 Reinsurance ceded .....	3,439,000						22,783	3,416,217		
1.4 Net .....	2,003,882,331	2,370,862					126,201,146	1,870,277,709	5,032,614	
2. Paid medical incentive pools and bonuses .....	12,024,009						469,653	11,554,356		
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct .....	308,286,975	1,651,648					22,985,279	283,207,316	442,732	
3.2 Reinsurance assumed .....										
3.3 Reinsurance ceded .....										
3.4 Net .....	308,286,975	1,651,648					22,985,279	283,207,316	442,732	
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct .....										
4.2 Reinsurance assumed .....										
4.3 Reinsurance ceded .....										
4.4 Net .....										
5. Accrued medical incentive pools and bonuses, current year .....	2,949,393						54,676	2,894,717		
6. Net healthcare receivables (a) .....	279,906	28,578					243,840	186,382	(178,894)	
7. Amounts recoverable from reinsurers December 31, current year ..	4,122,279						87,939	4,034,340		
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct .....	293,679,311	108,199					21,405,246	271,292,679	873,187	
8.2 Reinsurance assumed .....										
8.3 Reinsurance ceded .....										
8.4 Net .....	293,679,311	108,199					21,405,246	271,292,679	873,187	
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct .....										
9.2 Reinsurance assumed .....										
9.3 Reinsurance ceded .....										
9.4 Net .....										
10. Accrued medical incentive pools and bonuses, prior year .....	2,656,594						66,143	2,590,451		
11. Amounts recoverable from reinsurers December 31, prior year .....	2,888,920							2,888,920		
12. Incurred benefits:										
12.1 Direct .....	2,021,649,089	3,885,733					127,560,122	1,885,422,181	4,781,053	
12.2 Reinsurance assumed .....										
12.3 Reinsurance ceded .....	4,672,359						110,722	4,561,637		
12.4 Net .....	2,016,976,730	3,885,733					127,449,400	1,880,860,544	4,781,053	
13. Incurred medical incentive pools and bonuses .....	12,316,808						458,186	11,858,622		

(a) Excludes \$.00 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct .....	87,793,720	191,428					1,724,982	85,434,578	442,732	
1.2 Reinsurance assumed .....										
1.3 Reinsurance ceded .....										
1.4 Net .....	87,793,720	191,428					1,724,982	85,434,578	442,732	
2. Incurred but Unreported:										
2.1 Direct .....	220,493,255	1,460,220					21,260,297	197,772,738		
2.2 Reinsurance assumed .....										
2.3 Reinsurance ceded .....										
2.4 Net .....	220,493,255	1,460,220					21,260,297	197,772,738		
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct .....										
3.2 Reinsurance assumed .....										
3.3 Reinsurance ceded .....										
3.4 Net .....										
4. TOTALS										
4.1 Direct .....	308,286,975	1,651,648					22,985,279	283,207,316	442,732	
4.2 Reinsurance assumed .....										
4.3 Reinsurance ceded .....										
4.4 Net .....	308,286,975	1,651,648					22,985,279	283,207,316	442,732	

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2B - ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

		Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
Line of Business							
1.	Comprehensive (hospital and medical) .....	22,171	2,349,129		1,651,648	22,171	108,199
2.	Medicare Supplement .....						
3.	Dental only .....						
4.	Vision only .....						
5.	Federal Employees Health Benefits Plan .....						
6.	Title XVIII - Medicare .....	23,034,201	103,704,554	175,215	22,810,065	23,209,416	21,405,246
7.	Title XIX - Medicaid .....	231,494,039	1,639,473,502	32,265,813	250,941,502	263,759,852	271,292,679
8.	Other health .....	916,520	4,487,505		442,732	916,520	873,187
9.	Health subtotal (Lines 1 to 8) .....	255,466,931	1,750,014,690	32,441,028	275,845,947	287,907,959	293,679,311
10.	Healthcare receivables (a) .....		3,112,558				
11.	Other non-health .....						
12.	Medical incentive pool and bonus amounts .....	2,464,610	9,559,399		2,949,393	2,464,610	2,656,594
13.	TOTALS (Lines 9 - 10 + 11 + 12) .....	257,931,541	1,756,461,531	32,441,028	278,795,340	290,372,569	296,335,905

(a) Excludes \$.00 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Grand Total

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior .....	772,277	772,277	772,277	772,277	772,277
2.	2012 .....	730,861	824,677	824,677	824,677	824,677
3.	2013 .....	X X X	831,225	937,969	937,969	937,969
4.	2014 .....	X X X	X X X	1,014,965	1,193,175	1,214,673
5.	2015 .....	X X X	X X X	X X X	1,477,310	1,713,745
6.	2016 .....	X X X	X X X	X X X	X X X	1,756,461

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior .....	777,855	772,277	772,277	772,277	772,277
2.	2012 .....	829,030	826,990	824,677	824,677	824,677
3.	2013 .....	X X X	943,596	944,802	937,969	937,969
4.	2014 .....	X X X	X X X	1,206,665	1,214,673	1,214,673
5.	2015 .....	X X X	X X X	X X X	1,752,147	1,746,186
6.	2016 .....	X X X	X X X	X X X	X X X	2,035,257

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	2012 .....	957,354	824,677	3,748	0.455	828,425	86.533			828,425	86.533
2.	2013 .....	1,058,587	937,969	3,780	0.403	941,749	88.963			941,749	88.963
3.	2014 .....	1,418,656	1,214,673	4,336	0.357	1,219,009	85.927			1,219,009	85.927
4.	2015 .....	2,069,707	1,713,745	8,261	0.482	1,722,006	83.200	32,441		1,754,447	84.768
5.	2016 .....	2,362,734	1,756,461	7,851	0.447	1,764,312	74.672	278,796		2,043,108	86.472

12 Total

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Hospital and Medical  
Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior .....	.....	.....	.....	.....	.....
2.	2012 .....	.....	.....	.....	.....	.....
3.	2013 .....	X X X .....	.....	.....	.....	.....
4.	2014 .....	X X X .....	X X X .....	2 .....	2 .....	2 .....
5.	2015 .....	X X X .....	X X X .....	X X X .....	26 .....	48 .....
6.	2016 .....	X X X .....	X X X .....	X X X .....	X X X .....	2,320 .....

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior .....	.....	.....	.....	.....	.....
2.	2012 .....	.....	.....	.....	.....	.....
3.	2013 .....	X X X .....	.....	.....	.....	.....
4.	2014 .....	X X X .....	X X X .....	43 .....	2 .....	2 .....
5.	2015 .....	X X X .....	X X X .....	X X X .....	93 .....	48 .....
6.	2016 .....	X X X .....	X X X .....	X X X .....	X X X .....	3,972 .....

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	2012 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
2.	2013 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
3.	2014 .....	16 .....	2 .....	0 .....	2.000 .....	2 .....	12.750 .....	.....	.....	2 .....	12.750 .....
4.	2015 .....	74 .....	48 .....	2 .....	4.209 .....	50 .....	67.595 .....	.....	.....	50 .....	67.595 .....
5.	2016 .....	5,620 .....	2,320 .....	14 .....	0.618 .....	2,334 .....	41.536 .....	1,652 .....	.....	3,986 .....	70.931 .....

- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement . . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only . . . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only . . . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only . . . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only . . . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only . . . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only . . . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Fed Emp HBPP . . . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Fed Emp HBPP . . . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Fed Emp HBPP . . . . . NONE

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Title XVIII - Medicare  
Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior .....	255	255	255	255	255
2.	2012 .....	2,884	3,486	3,486	3,486	3,486
3.	2013 .....	X X X	4,285	5,150	5,150	5,150
4.	2014 .....	X X X	X X X	13,842	18,430	18,447
5.	2015 .....	X X X	X X X	X X X	68,036	91,352
6.	2016 .....	X X X	X X X	X X X	X X X	103,006

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior .....	255	255	255	255	255
2.	2012 .....	3,516	3,486	3,486	3,486	3,486
3.	2013 .....	X X X	5,069	5,151	5,150	5,150
4.	2014 .....	X X X	X X X	17,811	18,448	18,447
5.	2015 .....	X X X	X X X	X X X	89,490	91,527
6.	2016 .....	X X X	X X X	X X X	X X X	125,871

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	2012 .....	3,875	3,486	15	0.438	3,501	90.355			3,501	90.355
2.	2013 .....	6,104	5,150	17	0.330	5,167	84.649			5,167	84.649
3.	2014 .....	20,170	18,447	36	0.196	18,483	91.636			18,483	91.636
4.	2015 .....	99,689	91,352	488	0.534	91,840	92.126	175		92,015	92.302
5.	2016 .....	130,132	103,006	1,256	1.219	104,262	80.120	22,865		127,127	97.691

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Title XIX - Medicaid

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior .....	772,022	772,022	772,022	772,022	772,022
2.	2012 .....	727,977	821,191	821,191	821,191	821,191
3.	2013 .....	X X X	826,940	932,819	932,819	932,819
4.	2014 .....	X X X	X X X	988,719	1,162,337	1,183,818
5.	2015 .....	X X X	X X X	X X X	1,402,946	1,615,126
6.	2016 .....	X X X	X X X	X X X	X X X	1,646,840

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior .....	777,600	772,022	772,022	772,022	772,022
2.	2012 .....	825,514	823,504	821,191	821,191	821,191
3.	2013 .....	X X X	938,527	939,651	932,819	932,819
4.	2014 .....	X X X	X X X	1,176,405	1,183,817	1,183,818
5.	2015 .....	X X X	X X X	X X X	1,655,388	1,647,392
6.	2016 .....	X X X	X X X	X X X	X X X	1,900,676

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	2012 .....	953,479	821,191	3,733	0.455	824,924	86.517			824,924	86.517
2.	2013 .....	1,052,483	932,819	3,763	0.403	936,582	88.988			936,582	88.988
3.	2014 .....	1,388,786	1,183,818	4,300	0.363	1,188,118	85.551			1,188,118	85.551
4.	2015 .....	1,965,288	1,615,126	7,772	0.481	1,622,898	82.578	32,266		1,655,164	84.220
5.	2016 .....	2,223,035	1,646,840	6,580	0.400	1,653,420	74.377	253,836		1,907,256	85.795



UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Other

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior .....	.....	.....	.....	.....	.....
2.	2012 .....	.....	.....	.....	.....	.....
3.	2013 .....	X X X .....	.....	.....	.....	.....
4.	2014 .....	X X X .....	X X X .....	12,402 .....	12,406 .....	12,406 .....
5.	2015 .....	X X X .....	X X X .....	X X X .....	6,302 .....	7,219 .....
6.	2016 .....	X X X .....	X X X .....	X X X .....	X X X .....	4,295 .....

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior .....	.....	.....	.....	.....	.....
2.	2012 .....	.....	.....	.....	.....	.....
3.	2013 .....	X X X .....	.....	.....	.....	.....
4.	2014 .....	X X X .....	X X X .....	12,406 .....	12,406 .....	12,406 .....
5.	2015 .....	X X X .....	X X X .....	X X X .....	7,176 .....	7,219 .....
6.	2016 .....	X X X .....	X X X .....	X X X .....	X X X .....	4,738 .....

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	2012 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
2.	2013 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
3.	2014 .....	9,684 .....	12,406 .....	.....	.....	12,406 .....	128.108 .....	.....	.....	12,406 .....	128.108 .....
4.	2015 .....	4,656 .....	7,219 .....	.....	.....	7,219 .....	155.047 .....	.....	.....	7,219 .....	155.047 .....
5.	2016 .....	3,947 .....	4,295 .....	.....	.....	4,295 .....	108.817 .....	443 .....	.....	4,738 .....	120.041 .....

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves .....									
2. Additional policy reserves (a) .....									
3. Reserve for future contingent benefits .....									
4. Reserve for rate credits or experience rating refunds (including \$.....0 for investment income) .....	6,436,936	3,541,000						2,895,936	
5. Aggregate write-ins for other policy reserves .....									
6. TOTALS (Gross) .....	6,436,936	3,541,000						2,895,936	
7. Reinsurance ceded .....									
8. TOTALS (Net) (Page 3, Line 4) .....	6,436,936	3,541,000						2,895,936	
9. Present value of amounts not yet due on claims .....									
10. Reserve for future contingent benefits .....									
11. Aggregate write-ins for other claim reserves .....									
12. TOTALS (Gross) .....									
13. Reinsurance ceded .....									
14. TOTALS (Net) (Page 3, Line 7) .....									
DETAILS OF WRITE-INS									
0501. ....									
0502. ....									
0503. ....									
0598. Summary of remaining write-ins for Line 5 from overflow page ....									
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above) ....									
1101. ....									
1102. ....									
1103. ....									
1198. Summary of remaining write-ins for Line 11 from overflow page ..									
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) ..									

(a) Includes \$.....0 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 3 - ANALYSIS OF EXPENSES

		Claim Adjustment Expenses		3	4	5
		1	2			
		Cost Containment Expenses	Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1.	Rent (\$.....0 for occupancy of own building) .....		314,797	8,273,747		8,588,544
2.	Salaries, wages and other benefits .....		2,528,512	106,561,464		109,089,976
3.	Commissions (less \$.....0 ceded plus \$.....0 assumed) .....					
4.	Legal fees and expenses .....			279,339		279,339
5.	Certifications and accreditation fees .....					
6.	Auditing, actuarial and other consulting services .....			1,083,024		1,083,024
7.	Traveling expenses .....		3,580	1,351,706		1,355,286
8.	Marketing and advertising .....			2,406,072		2,406,072
9.	Postage, express and telephone .....			28,008		28,008
10.	Printing and office supplies .....		1,315	839,228		840,543
11.	Occupancy, depreciation and amortization .....			8,246,752		8,246,752
12.	Equipment .....			1,622,278		1,622,278
13.	Cost or depreciation of EDP equipment and software .....					
14.	Outsourced services including EDP, claims, and other services .....	953,925	4,002,579	46,454,215		51,410,719
15.	Boards, bureaus and association fees .....			475,598		475,598
16.	Insurance, except on real estate .....					
17.	Collection and bank service charges .....			83,651		83,651
18.	Group service and administration fees .....			4,273,462		4,273,462
19.	Reimbursements by uninsured plans .....					
20.	Reimbursements from fiscal intermediaries .....					
21.	Real estate expenses .....					
22.	Real estate taxes .....					
23.	Taxes, licenses and fees:					
23.1	State and local insurance taxes .....			139,357,571		139,357,571
23.2	State premium taxes .....					
23.3	Regulatory authority licenses and fees .....			37,971,782		37,971,782
23.4	Payroll taxes .....					
23.5	Other (excluding federal income and real estate taxes) .....					
24.	Investment expenses not included elsewhere .....				679,361	679,361
25.	Aggregate write-ins for expenses .....			451,951		451,951
26.	TOTAL Expenses Incurred (Lines 1 to 25) .....	953,925	6,850,783	359,759,848	679,361	(a) 368,243,917
27.	Less expenses unpaid December 31, current year .....			9,528,408		9,528,408
28.	Add expenses unpaid December 31, prior year .....		1,470,548	11,150,771		12,621,319
29.	Amounts receivable relating to uninsured plans, prior year .....					
30.	Amounts receivable relating to uninsured plans, current year .....					
31.	TOTAL Expenses Paid (Lines 26 minus 27 plus 28 minus 29 plus 30) .....	953,925	8,321,331	361,382,211	679,361	371,336,828
DETAILS OF WRITE-INS						
2501.	Directors Fees .....			19,000		19,000
2502.	Contributions .....			418,045		418,045
2503.	Interest on Medical Claims .....			14,906		14,906
2598.	Summary of remaining write-ins for Line 25 from overflow page .....					
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....			451,951		451,951

(a) Includes management fees of \$.....189,563,649 to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds .....	(a)..... 215,796	..... 214,346
1.1	Bonds exempt from U.S. tax .....	(a)..... 628,379	..... 612,809
1.2	Other bonds (unaffiliated) .....	(a)..... 1,059,884	..... 1,356,040
1.3	Bonds of affiliates .....	(a).....	.....
2.1	Preferred stocks (unaffiliated) .....	(b).....	.....
2.11	Preferred stocks of affiliates .....	(b).....	.....
2.2	Common stocks (unaffiliated) .....	..... 146,701	..... 146,701
2.21	Common stocks of affiliates .....	.....	.....
3.	Mortgage loans .....	(c).....	.....
4.	Real estate .....	(d).....	.....
5.	Contract loans .....	.....	.....
6.	Cash, cash equivalents and short-term investments .....	(e)..... 126,678	..... 386,408
7.	Derivative instruments .....	(f).....	.....
8.	Other invested assets .....	.....	..... 2,084
9.	Aggregate write-ins for investment income .....	.....	.....
10.	TOTAL Gross investment income .....	..... 2,177,438	..... 2,718,388
11.	Investment expenses .....	.....	(g)..... 679,361
12.	Investment taxes, licenses and fees, excluding federal income taxes .....	.....	(g).....
13.	Interest expense .....	.....	(h).....
14.	Depreciation on real estate and other invested assets .....	.....	(i).....
15.	Aggregate write-ins for deductions from investment income .....	.....	.....
16.	TOTAL Deductions (Lines 11 through 15) .....	.....	..... 679,361
17.	Net Investment income (Line 10 minus Line 16) .....	.....	..... 2,039,026
DETAILS OF WRITE-INS			
0901.	.....	.....	.....
0902.	.....	.....	.....
0903.	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....	.....
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above) .....	.....	.....
1501.	.....	.....	.....
1502.	.....	.....	.....
1503.	.....	.....	.....
1598.	Summary of remaining write-ins for Line 15 from overflow page .....	.....	.....
1599.	TOTALS (Lines 1501 through 1503 plus 1598) (Line 15 above) .....	.....	.....
(a) Includes \$.....30,141 accrual of discount less \$.....1,891,445 amortization of premium and less \$.....470,494 paid for accrued interest on purchases.			
(b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.			
(c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.			
(d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.			
(e) Includes \$.....3,327 accrual of discount less \$.....822,247 amortization of premium and less \$.....451,651 paid for accrued interest on purchases.			
(f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.			
(g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.			
(h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.			
(i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.			

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds .....	..... 7,075	.....	..... 7,075	.....	.....
1.1	Bonds exempt from U.S. tax .....	..... 85,791	.....	..... 85,791	.....	.....
1.2	Other bonds (unaffiliated) .....	..... 80,536	.....	..... 80,536	.....	.....
1.3	Bonds of affiliates .....	.....	.....	.....	.....	.....
2.1	Preferred stocks (unaffiliated) .....	.....	.....	.....	.....	.....
2.11	Preferred stocks of affiliates .....	.....	.....	.....	.....	.....
2.2	Common stocks (unaffiliated) .....	..... (290,993)	.....	..... (290,993)	..... 897,882	.....
2.21	Common stocks of affiliates .....	.....	.....	.....	.....	.....
3.	Mortgage loans .....	.....	.....	.....	.....	.....
4.	Real estate .....	.....	.....	.....	.....	.....
5.	Contract loans .....	.....	.....	.....	.....	.....
6.	Cash, cash equivalents and short-term investments .....	.....	.....	.....	.....	.....
7.	Derivative instruments .....	..... (10,593)	.....	..... (10,593)	.....	.....
8.	Other invested assets .....	.....	.....	.....	.....	.....
9.	Aggregate write-ins for capital gains (losses) .....	.....	.....	.....	.....	.....
10.	TOTAL Capital gains (losses) .....	..... (128,185)	.....	..... (128,185)	..... 897,882	.....
DETAILS OF WRITE-INS						
0901.	.....	.....	.....	.....	.....	.....
0902.	.....	.....	.....	.....	.....	.....
0903.	.....	.....	.....	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page ..	.....	.....	.....	.....	.....
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above) ..	.....	.....	.....	.....	.....

EXHIBIT OF NONADMITTED ASSETS

		1	2	3
		Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1.	Bonds (Schedule D) .....			
2.	Stocks (Schedule D):			
2.1	Preferred stocks .....			
2.2	Common stocks .....			
3.	Mortgage loans on real estate (Schedule B):			
3.1	First liens .....			
3.2	Other than first liens .....			
4.	Real estate (Schedule A):			
4.1	Properties occupied by the company .....			
4.2	Properties held for the production of income .....			
4.3	Properties held for sale .....			
5.	Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA) .....			
6.	Contract loans .....			
7.	Derivatives (Schedule DB) .....			
8.	Other invested assets (Schedule BA) .....	1,248,375	1,290,211	41,836
9.	Receivables for securities .....			
10.	Securities lending reinvested collateral assets (Schedule DL) .....			
11.	Aggregate write-ins for invested assets .....			
12.	Subtotals, cash and invested assets (Lines 1 to 11) .....	1,248,375	1,290,211	41,836
13.	Title plants (for Title insurers only) .....			
14.	Invested income due and accrued .....	50,975	52,684	1,709
15.	Premium and considerations:			
15.1	Uncollected premiums and agents' balances in the course of collection .....			
15.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due .....			
15.3	Accrued retrospective premiums and contracts subject to redetermination .....			
16.	Reinsurance:			
16.1	Amounts recoverable from reinsurers .....			
16.2	Funds held by or deposited with reinsured companies .....			
16.3	Other amounts receivable under reinsurance contracts .....			
17.	Amounts receivable relating to uninsured plans .....	7,178		(7,178)
18.1	Current federal and foreign income tax recoverable and interest thereon .....			
18.2	Net deferred tax asset .....			
19.	Guaranty funds receivable or on deposit .....			
20.	Electronic data processing equipment and software .....			
21.	Furniture and equipment, including health care delivery assets .....			
22.	Net adjustment in assets and liabilities due to foreign exchange rates .....			
23.	Receivables from parent, subsidiaries and affiliates .....			
24.	Health care and other amounts receivable .....	355,109	589,287	234,178
25.	Aggregate write-ins for other than invested assets .....	3,027	3,027	
26.	TOTAL Assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	1,664,664	1,935,209	270,545
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			
28.	TOTAL (Lines 26 and 27) .....	1,664,664	1,935,209	270,545
DETAILS OF WRITE-INS				
1101.	.....			
1102.	.....			
1103.	.....			
1198.	Summary of remaining write-ins for Line 11 from overflow page .....			
1199.	TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) .....			
2501.	Deposits .....	3,027	3,027	
2502.	Acquired Memberships .....			
2503.	.....			
2598.	Summary of remaining write-ins for Line 25 from overflow page .....			
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	3,027	3,027	

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment		Total Members at End of					6
		1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1.	Health Maintenance Organizations .....	455,299	480,964	490,211	490,950	504,832	5,869,051
2.	Provider Service Organizations .....						
3.	Preferred Provider Organizations .....						
4.	Point of Service .....						
5.	Indemnity Only .....						
6.	Aggregate write-ins for other lines of business .....						
7.	TOTAL .....	455,299	480,964	490,211	490,950	504,832	5,869,051
DETAILS OF WRITE-INS							
0601.	.....						
0602.	.....						
0603.	.....						
0698.	Summary of remaining write-ins for Line 6 from overflow page .....						
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....						

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Meridian Health Plan of Michigan, Inc. (the “Company”) operates as a state-licensed health maintenance organization (HMO). The Company provides medical services to persons in sixty-eight Michigan counties who subscribe as recipients of state health benefits (Medicaid benefits). In addition, the Company operates a Medicare Advantage Dual-Eligible Special Needs Plan, a Medicare Advantage Prescription Drug Plan, a Medicare Stand – alone Prescription Drug Plan and catastrophic and metal plans on the Federal Health Insurance Marketplace. On March 1, 2015 the Company commenced operation of a Medicare – Medicaid Alignment Initiative Plan.

The Company contracts directly with physician/physician groups and hospitals for the provision of medical care, and compensates the providers on either a capitation or fee for service basis. The Company has a risk sharing arrangement with some primary care physicians, and a portion of the capitation payments may be retained for settlement of risk-sharing arrangements.

A. Accounting Practices

The financial statements of Meridian Health Plan of Michigan (the “Company”) are presented on the basis of accounting practices prescribed or permitted by the Michigan Department of Insurance and Financial Services (“DIFS”).

The DIFS recognizes only statutory accounting practices prescribed or permitted by the State of Michigan for determining and reporting the financial condition and results of operations of an insurance company and for determining its solvency under the Michigan Insurance Code. The DIFS has adopted the National Association of Insurance Commissioners’ (NAIC) *Accounting Practices and Procedures Manual* as a component of prescribed and permitted practices for the state. The DIFS has the right to permit specific practices that deviate from prescribed practices. The State of Michigan requires transfer payment programs, which consist of the Hospital Reimbursement Adjustment (“HRA”), Graduate Medical Education (“GRE”), and Specialty Network Access Fee (“SNAF”), to be recorded as premium income, and the resulting payments to providers to be treated as hospital/medical benefits. In NAIC SAP these types of pass-through arrangements are reported as uninsured plans. This state prescribed accounting practice resulted in no differences from NAIC SAP net income or capital and surplus.

A reconciliation of the Company’s net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the DIFS is shown below:

		SSAP #	F/S Page	F/S Line	2016	2015
NET INCOME						
(1)	State basis (Page 4, Line 32, Columns 2 & 3)	N/A	N/A	N/A	\$3,870,927	\$6,828,168
(2)	State Prescribed Practices that increase/(decrease) NAIC SAP:					
(201)						
(299)	Total				\$0	\$0
(3)	State Permitted Practices that increase/(decrease) NAIC SAP:					
(301)						
(399)	Total				\$0	\$0
(4)	NAIC SAP (1-2-3=4)	N/A	N/A	N/A	\$3,870,927	\$6,828,168
SURPLUS						
(5)	State basis (Page 3, Line 33, Columns 3 & 4)	N/A	N/A	N/A	\$185,340,432	\$153,435,940
(6)	State Prescribed Practices that increase/(decrease) NAIC SAP:					
(601)						
(699)	Total				\$0	\$0
(7)	State Permitted Practices that increase/(decrease) NAIC SAP:					
(701)						
(799)	Total				\$0	\$0
(8)	NAIC SAP (5-6-7=8)	N/A	N/A	N/A	\$185,340,432	\$153,435,940

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, primarily claims unpaid. It also requires disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

# Notes to Financial Statements

Health capitation premiums are recognized in the period members are entitled to related health care services. Health care service costs and the related liabilities for claims payable are recorded when medical services are provided to eligible members. Expenses are charged to operations as incurred.

- (1) Short-term investments are stated at amortized cost.
- (2) Bonds are stated at amortized cost using the scientific interest method.
- (3) Common stocks are stated at fair market value.
- (4) The Company had no preferred stock.
- (5) The Company had no mortgage loans on real estate.
- (6) The Company had no loan-backed securities.
- (7) The Company had no investments in subsidiaries, controlled or affiliated entities.
- (8) The Company has a minor ownership interests in a joint venture. The Company carries this interest based on the underlying audited GAAP equity of the investee.
- (9) The Company had no derivatives.
- (10)The Company does not utilize anticipated investment income as a factor in the premium deficiency calculation.
- (11)Claims payable includes an actuarially determined estimate of the ultimate cost of settling claims.
- (12)The Company has no property and equipment and related capitalization policy.
- (13) Pharmaceutical rebates receivable are estimated based on actual prescriptions filled.

D. Going Concern

None

2. Accounting Changes and Correction of Errors

None

3. Business Combinations and Goodwill

- A. Statutory Purchase Method – None
- B. Statutory Merger – None
- C. Assumption Reinsurance – None
- D. Impairment Loss – None

4. Discontinued Operations

- A. Discontinued Operation Disposed of or Classified as Held for Sale – None
- B. Change in Plan of Sale of Discontinued Operation – None
- C. Nature of Any Significant Continuing Involvement with Discontinued Operations After Disposal –  
None
- D. Equity Interest Retained in the Discontinued Operation After Disposal – None

5. Investments

- A. Mortgage Loans – None
- B. Debt Restructuring – None
- C. Reverse Mortgages – None
- D. Loan-Backed Securities - None
- E. Repurchase Agreements and/or Securities Lending Transactions – None



Notes to Financial Statements

- F. Real Estate – None
- G. Investments in low-income housing tax credits (LIHTC) – None
- H. Restricted Assets

As of December 31, 2016 and 2015, the Company maintained on deposit with the Michigan Insurance Department \$2,112,237 and \$1,799,716, respectively, held as cash, short-term investments, and a long-term bond.

(1) Restricted Assets (Including Pledged)

Restricted Asset Category	1	2	3	4	5	6	7
	Total Gross (Admitted & Nonadmitted) Restricted from Current Year	Total Gross (Admitted & Nonadmitted) Restricted from Prior Year	Increase/ (Decrease) (1 minus 2)	Total Current Year Nonadmitted Restricted	Total Current Year Admitted Restricted (1 minus 4)	Gross (Admitted & Nonadmitted) Restricted to Total Assets (a)	Admitted Restricted to Total Admitted Assets (b)
a. Subject to contractual obligation for which liability is not shown	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	.....%	.....%
b. Collateral held under security lending agreements	.....	.....	.....	.....	.....	.....	.....
c. Subject to repurchase agreements	.....	.....	.....	.....	.....	.....	.....
d. Subject to reverse repurchase agreements	.....	.....	.....	.....	.....	.....	.....
e. Subject to dollar repurchase agreements	.....	.....	.....	.....	.....	.....	.....
f. Subject to dollar reverse repurchase agreements	.....	.....	.....	.....	.....	.....	.....
g. Placed under option contracts	.....	.....	.....	.....	.....	.....	.....
h. Letter stock or securities restricted as to sale – excluding FHLB capital stock	.....	.....	.....	.....	.....	.....	.....
i. FHLB capital stock							
j. On deposit with states	2,112,237	1,799,716	312,521	\$0	2,112,237	.392%	.393%
k. On deposit with other regulatory bodies	.....	.....	.....	.....	.....	.....	.....
l. Pledged as collateral to FHLB (including assets backing funding agreements)	.....	.....	.....	.....	.....	.....	.....
m. Pledged as collateral not captured in other categories	.....	.....	.....	.....	.....	.....	.....
n. Other restricted assets	.....	.....	.....	.....	.....	.....	.....
o. Total Restricted Assets	\$ 2,112,237	\$ 1,799,716	\$ 312,521	\$0	\$2,112,237	.392%	.393%

(2) Detail of Assets Pledged as Collateral Not Captured in Other Categories – None

(3) Detail of Other Restricted Assets – None

(4) Collateral Received and Reflected as Assets Within the Reporting Entity’s Financials Statements - None

- I. Working Capital Finance Investments – None
- J. Offsetting and Netting of Assets and Liabilities – None
- K. Structured Notes – None
- L. 5\*Securities - None

6. Joint Ventures, Partnerships and Limited Liability Company

The Company has no investments in Joint Ventures, Partnerships or Limited Liability companies that exceed 10% of its admitted assets.

7. Investment Income

- A. All investment income due and accrued with amounts that are over 90 days past due with the exception of mortgage loans in default are excluded from surplus.
- B. The Company had no investment income due and accrued excluded from surplus.

Notes to Financial Statements

8. Derivative Instruments

None

9. Income Taxes

A. The components of the net deferred tax asset/(liability) at December 31 are as follows:

(1)

Description		12/31/2016			12/31/2015			Change		
		1	2	3	4	5	6	7	8	9
		Ordinary	Capital	(Col. 1 + 2) Total	Ordinary	Capital	(Col. 4 + 5) Total	(Col. 1 – 4) Ordinary	(Col. 2 – 5) Capital	(Col. 7 + 8) Total
a	Gross Deferred Tax Assets	1,293,633	0	1,293,633	1,107,134	163,507	1,270,641	186,499	(163,507)	22,992
b	Statutory Valuation Allowance Adjustments									
c	Adjusted Gross Deferred Tax Assets (1a – 1b)	1,293,633	0	1,293,633	1,107,134	163,507	1,270,641	186,499	(163,507)	22,992
d	Deferred Tax Assets Non-admitted									
e	Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	1,293,633	0	1,293,633	1,107,134	163,507	1,270,641	186,499	(163,507)	22,992
f	Deferred Tax Liabilities		(348,956)	(348,956)		(195,427)	(195,427)		(153,529)	(153,529)
g	Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	1,293,633	(348,956)	944,677	1,107,134	(31,920)	1,075,214	186,499	(317,036)	(130,537)

(2)

Description		12/31/2016			12/31/2015			Change		
		1	2	3	4	5	6	7	8	9
		Ordinary	Capital	(Col. 1 + 2) Total	Ordinary	Capital	(Col. 4 + 5) Total	(Col. 1 – 4) Ordinary	(Col. 2 – 5) Capital	(Col. 7 + 8) Total
a.	Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks	1,293,633		1,293,633	1,107,134	163,507	1,270,641	186,499	(163,507)	22,992
b.	Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2a Above) After Application of the Threshold Limitation (The Lesser of 2b1 and 2b2 below)									
b1.	Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date									
b2.	Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold			18,439,576			15,236,073			3,203,503
c..	Adjusted Gross Deferred Tax Assets (Excluding The Amount Of Deferred Tax Assets From 2a and 2b Above) Offset by Gross Deferred Tax Liabilities									
d.	Deferred Tax Assets Admitted as the result of application of SSAP No. 101 Total (2a + 2b – 2c)	1,293,633		1,293,633	1,107,134	163,507	1,270,641	186,499	(163,507)	22,992

(3)

	Description	2016	2015
a.	Ratio Percentage Used To Determine Recovery Period And Threshold Limitation Amount	264%	251%
b.	Amount Of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation in 2(b)2 Above	184,395,756	152,360,726

(4) The Company has not utilized tax planning strategies at December 31, 2016 and 2015.

Notes to Financial Statements

- B. Regarding deferred tax liabilities that are not recognized – None
- C. Current income taxes incurred consist of the following major components:

	Description	1 12/31/2016	2 12/31/2015	3 (Col. 1 – 2) Change
1.	Current Income Tax			
a.	Federal	22,103,832	17,387,893	4,715,939
b.	Foreign			
c.	Subtotal			
d.	Federal income tax on net capital gains	(43,583)	125,568	(169,151)
e.	Utilization of capital loss carry-forwards			
f.	Other			
g.	Federal and foreign income taxes incurred	22,060,249	17,513,461	4,546,788
2.	Deferred Tax Assets:			
a.	Ordinary			
1.	Discounting of unpaid losses	417,822	451,960	(34,138)
2.	Unearned premium reserve	25,083	46,739	(21,656)
3.	Accrued HICA	707,539	382,693	324,846
4.	Premium Deficiency Reserve			
5.	Deferred acquisition costs			
6.	Accrued Pharmacy			
7.	Fixed assets			
8.	Compensation and benefits accrual			
9.	Pension accrual			
10.	Receivables – nonadmitted	143,189	225,742	(82,553)
11.	Net operating loss carry-forward			
12.	Tax credit carry-forward			
13.	Other (including items < 5% of total ordinary tax assets)			
99.	Subtotal	1,293,633	1,107,134	186,499
b.	Statutory valuation allowance adjustment			
c.	Nonadmitted			
d.	Admitted ordinary deferred tax assets (2a99 – 2b – 2c)	1,293,633	1,107,134	186,499
e.	Capital:			
1.	Investments	0	163,507	(163,507)
2.	Net capital loss carry-forward			
3.	Real estate			
4.	Other (including items < 5% of total capital tax assets)			
99.	Subtotal	0	163,507	(163,507)
f.	Statutory valuation allowance adjustment			
g.	Nonadmitted			
h.	Admitted capital deferred tax assets (2e99 – 2f – 2g)	0	163,507	(163,507)
i.	Admitted deferred tax assets (2d + 2h)	1,293,633	1,270,641	22,992
3.	Deferred Tax Liabilities:			
a.	Ordinary			
1.	Investments			
2.	Fixed assets			
3.	Deferred and uncollected premium			
4.	Policyholder reserves			
5.	Other (including items < 5% of total ordinary tax liabilities)			
99.	Subtotal			
b.	Capital:			
1.	Investments	348,956	195,427	153,529
2.	Real estate			
3.	Other (including items < 5% of total capital tax liabilities)			
99.	Subtotal	348,956	195,427	153,529
c.	Deferred tax liabilities (3a99 + 3b99)	348,956	195,427	153,529
4.	Net deferred tax assets/liabilities (2i – 3c)	944,677	1,075,214	(130,537)

- D. Among the more significant book to tax adjustments were the following:

Description	Amount	Effective Tax Rate
Provision computed at statutory rate	9,076,629	35.0%
Tax exempt deduction	(207,160)	(0.8%)
ACA Health Insurer Fee	12,954,695	50.0%
Other	49,586	0.2%
Total statutory income taxes	21,873,750	84.4%
Federal income tax incurred	22,060,249	85.1%
Change in net deferred income tax	(186,499)	(0.7%)
Total statutory income taxes	21,873,750	84.4%

- E. Other Disclosures

(1) As of December 31, 2016, the Company had no unused operating loss carryforwards.

# Notes to Financial Statements

- (2) The following are income taxes incurred in the current and prior years which would be available for recoupment in the event of future net losses:
- |      |              |
|------|--------------|
| 2016 | \$22,060,249 |
| 2015 | \$17,513,461 |

(3) The Company has no deposits admitted under Section 6603 of the Internal Revenue Service Code.

F. Consolidated Federal Income Tax Return

The Company’s federal income tax return is consolidated with the following entities:

- Caidan Holding Company, Inc. (Parent)
- Meridian Health Plan of Illinois, Inc.
- Meridian Health Plan of Iowa, Inc.
- Granite Care – Meridian Health Plan of New Hampshire, Inc.

The method of allocation among companies is subject to a written agreement, approved by the Board of Directors, whereby allocation is made primarily on a separate return basis with current credit for any net operating losses or other items utilized in the consolidated tax return. Intercompany tax balances are settled monthly.

G. Federal or Foreign Income Tax Loss Contingencies - None

10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

A. – D. The Company is a wholly owned subsidiary of a holding company, Caidan Holding Company, Inc.

The Company contracted with Caidan Management Company, LLC, a third-party administrator related through common ownership, for administrative services. The Company incurred management fees to Caidan Management Company totaling \$189,563,649 and \$181,765,807 in 2016 and 2015, respectively. The Company also paid Caidan Management Company \$11,077,581 and \$10,094,118 in 2016 and 2015, respectively for claims tax reimbursement for claim taxes incurred by Caidan Management Company on behalf of the Company. The Company had outstanding amounts due to Caidan Management Company, LLC totaling \$18,585,523 and \$13,266,186 at December 31, 2016 and 2015, respectively, related to this agreement.

The Company contracted with MeridianRx, LLC a third-party administrator related through common ownership, for pharmacy benefit management services. During 2016 and 2015, the Company paid pharmacy costs and related expenses totaling \$316,192,217 and \$262,490,279, respectively, related to this agreement. The Company also paid MeridianRx \$1,148,882 and \$894,399 in 2016 and 2015, respectively, for claims tax reimbursement for claim taxes incurred by MeridianRx on behalf of the Company. The Company had outstanding amounts due to MeridianRx totaling \$16,147,552 and \$17,784,984 at December 31, 2016 and 2015, respectively, related to this agreement.

During 2016, the Company received additional capital contributions from Caidan Holding Company, Inc. in the amount of \$27,000,000.

At December 31, 2015, the Company had miscellaneous amounts payable of \$5,245 to affiliates. There was no miscellaneous amounts payable outstanding as of December 31, 2016.

- E. Guarantees or undertakings that exist with affiliates or non-affiliates that would expose the Company’s assets or liabilities - None
- F. The Company has an administrative service agreement with affiliate third party administrator, Caidan Management Company.
- G. The Company is a wholly-owned subsidiary of Caidan Holding Company, Inc.
- H. Ownership in any upstream intermediate entities or ultimate parent companies owned - None
- I - J. Investment in SCA – None
- K. Investment in foreign insurance subsidiary - None
- L. Investments in Downstream Noninsurance Holding Company – None
- M. All SCA Investments – None
- N. Investment in Insurance SCAs - None

11. Debt

- (A) Outstanding Debt – None
- (B) FHLB (Federal Home Loan Bank) Agreements – None

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

A.– D. Defined Benefit Plan – None

## Notes to Financial Statements

- E. Defined Contribution Plans – None
- F. Multiemployer Plans – None
- G. Consolidated/Holding Company Plans – None
- H. Postemployment Benefit and Compensated Absences – None
- I. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17) – None

### 13. Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations

- (1) The Company has 100,000 common shares authorized and 1,000 shares issued and outstanding at December 31, 2016 with a stated value of \$44.70 per share.
- (2) The Company has not issued any preferred stock.
- (3) The Company is subject to dividend limitations by statute to paying dividends no greater than 10 percent of surplus without prior approval of the Michigan Department of Insurance and Financial Services.
- (4) The Company did not declare or pay dividends during 2016.
- (5) Within the limitations of (3) above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
- (6) There are no restrictions placed on the Company's surplus.
- (7) The Company has no advances to surplus not repaid.
- (8) The Company has no stock held for special purposes.
- (9) The change in the balance of special surplus funds from the prior year is attributable to the estimated ACA Health Insurer Fee.
- (10) The cumulative portion of unassigned funds (surplus) represented by unrealized (gains) losses, net of taxes, is (\$276,396) and \$303,326 at December 31, 2016 and 2015 respectively.
- (11) The Company had no surplus notes issued or outstanding as of December 31, 2016.
- (12) No quasi-reorganizations have taken place as of December 31, 2016.
- (13) No quasi-reorganizations have taken place as of December 31, 2016.

### 14. Contingencies

- A. Contingent Commitments – None
- B. Assessments – None
- C. Gain Contingencies – None
- D. Claims Related Extra Contractual Obligations and Bad Faith Losses Stemming from Lawsuits – None
- E. Joint and Several Liabilities - None
- F. All Other Contingencies – None

### 15. Leases

- A. Lessee Operating Leases – None
- B. Lessor Leases – None

### 16. Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk

None

### 17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

- A. Transfer of Receivables reported as Sales – None
- B. Transfer and Servicing of Financial Assets – None
- C. Wash Sales - None

### 18. Gains or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

- A. ASO Plans – None
- B. ASC Plans – None
- C. Medicare or Similarly Structured Cost Based Reimbursement Contract
  - (1) Reimbursements from the Centers for Medicare and Medicaid Services (CMS) for the Company's participation in the Medicare Part D program for the year ended December 31, 2016 and 2015 were \$40,250,346 and \$37,784,619, respectively.

Notes to Financial Statements

This amount represents pharmacy benefit cost reimbursements for the Reinsurance Subsidy and the Low-Income Cost Sharing Subsidy elements of the Medicare Part D program.

- (2) As of December 31, 2016 the Company had recorded receivables from the following payors whose account balances are greater than 10% of the Company’s amounts receivable from uninsured accident and health plans or \$10,000:  
CMS     \$9,199,145
- (3) In connection with the Company’s Medicare Part D cost based reimbursement portion of the contract, the Company has no recorded allowances and reserves for adjustment of recorded revenues at December 31, 2016.
- (4) The Company has made no adjustment to revenue resulting from audit of receivables related to revenues recorded in the prior period.

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

None

20. Fair Value Measurements

A. Fair Market Value at Reporting Date

1. Fair Value Measurements at Reporting Date

	Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Total
a.	Common Stocks	\$11,478,133			\$11,478,133
99	Subtotal – Assets at fair value	\$11,478,133			\$11,478,133
b.	Liabilities at fair value				
01	Derivatives				
02					
99	Subtotal – Liabilities at fair value				

2. Fair Value Measurements in (Level 3) of the Fair Value Hierarchy – None
3. The Company does not have any securities valued at fair value.
4. The Company has not valued any securities at a Level 2 or 3.
5. Derivative assets and liabilities – None

B. Fair Value information under SSAP No. 100 combined with Fair Value information Under Other Accounting Pronouncements – None

C. Aggregate Fair Value of All Financial Instruments

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Bonds	99,789,302	99,861,219	-	99,789,302	-	-
Short Term Investments	82,981,004	83,072,838	2,213,446	80,767,558	-	-
Cash Equivalent						-
Common Stock	11,478,133	11,478,133	11,478,133	-	-	-

D. Not Practicable to Estimate Fair Value – None

21. Other Items

- A. Unusual or Infrequent Items – None
- B. Troubled Debt Restructuring – None
- C. Other Disclosures – None

Notes to Financial Statements

- D. Business Interruption Insurance Recoveries – None
- E. State Transferable and Non-transferable Tax Credits – None
- F. Subprime-Mortgage-Related Risk Exposure – None
- G. Retained Assets – None
- H. Insurance – Linked Securities (ILS) Contracts - None

22. Events Subsequent

Type I – Recognized Subsequent Events - None

Subsequent events have been considered through February 27, 2017 for the statutory statement issued for December 31, 2016.

Type II – Nonrecognized Subsequent Events

Subsequent events have been considered through February 27, 2017 for the statutory statement issued for December 31, 2016.

The Company has made the decision to discontinue the Medicare Stand – alone Prescription Drug Plan at the end of calendar year 2016. The Company does not anticipate this having a significant impact on the operations, profit or surplus requirements going forward.

In 2016 the Company was subject to an annual fee under section 9010 of the Affordable Care Act (ACA). This annual fee was allocated to individual health insurers based on the ratio of the amount of the entity’s net premiums written during the preceding calendar year. A health insurance entity’s portion of the annual fee becomes payable once the entity provides health insurance for any U.S health risk for each calendar year beginning on or after January 1 of the year the fee is due. The Company paid \$37,013,414 for the ACA fee in 2016. A moratorium has been placed on this annual fee for calendar year 2017. Therefore, no amounts will be paid or recorded during 2017 for amounts due based on 2016 written premiums. The annual fee is expected to be reinstated in 2018.

23. Reinsurance

A. Ceded Reinsurance Report

The Company maintains a reinsurance policy to provide coverage on an annual per member basis after a deductible for eligible services is reached. The Company has two reinsurance policies in effect. The first agreement is with a related party and the deductible is \$1,000,000. This reinsurance policy will cover 10 percent of losses incurred per member from \$1,000,000 to \$2,000,000, and 100 percent of losses incurred per member between \$2,000,000 and \$3,000,000. The second agreement has a deductible of \$300,000. The maximum agreement period reinsurance indemnity payable is \$2,000,000 per member. The Company has reported premiums net of reinsurance ceded of \$2,150,942 and \$2,693,112 as of December 31, 2016 and 2015, respectively. Losses recovered by the Company totaled \$4,672,361 and \$4,188,094 in 2016 and 2015, respectively. At December 31, 2016 and 2015, the Company has a reinsurance receivable recorded of \$4,122,280 and \$2,888,920 respectively.

The Company does not have reinsurance assumed, uncollectible reinsurance, or retroactive reinsurance.

Section 1 – General Interrogatories

- (1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company?

Yes ( x )    No ( )

- (2) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business?

Yes ( )    No (X)

Section 2 – Ceded Reinsurance Report – Part A

Notes to Financial Statements

(1) Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credits?

Yes ( ) No (X)

(2) Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?

Yes ( ) No (X)

Section 3 – Ceded Reinsurance Report – Part B

(1) The estimated amount of the aggregate reduction in surplus, of termination of ALL reinsurance agreements, by either party, as of the date of this statement is zero.

(2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement?

Yes ( ) No (X)

- B. Uncollectible Reinsurance – None
- C. Commutation of Ceded Reinsurance – None
- D. Certified Reinsurer Rating Downgraded or Status Subject to Revocation - None

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

A. The Company estimates accrued retrospective premium adjustments for its Healthy Michigan population based on its contract with the Michigan Department of Insurance and Financial Services. Also, the Company’s participation in the Medicare Advantage, Medicare Part D, and MI Health Link program includes a risk sharing provision with CMS. The Company estimates accrued retrospective premium adjustments for its Medicare Advantage and Medicare Part D products through a prescribed formula approach. The Company also estimates accrued retrospective premium adjustments for its Commercial line of business on the Federal Health Insurance Marketplace based on provisions of the Affordable Care Act.

- B. The Company records accrued retrospective premium as an adjustment to earned premium.
- C. The amount of net premiums written by the Company as of December 31, 2016 and 2015 that are subject to retrospective rating features was approximately \$712.8 million and \$665.6 million that represented 32.1 percent and 30.1 percent of total net premiums written in 2016 and 2015, respectively. No other net premiums written by the Company are subject to retrospective rating features.

D. Medical loss ratio rebates required pursuant to the Public Health Service Act. - None

E. Risk-Sharing Provisions of the Affordable Care Act (ACA)

- (1) Did the reporting entity write accident and health insurance premiums that is subject to the Affordable Care Act risk-sharing provisions (YES/NO)? YES
- (2) Impact of Risk-Sharing Provisions of the Affordable Care Act on Admitted Assets, Liabilities, and Revenue for the Current Year

		AMOUNT
a.	Permanent ACA Risk Adjustment Program	
	Assets	
	1.	Premium adjustments receivable due to ACA Risk Adjustment \$0
	Liabilities	
	2.	Risk adjustment user fees payable for ACA Risk Adjustment \$0
	3.	Premium adjustments payable due to ACA Risk Adjustment \$3,541,000
	Operations (Revenue & Expense)	
	4.	Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment (\$3,498,340)
	5.	Reported in expenses as ACA risk adjustment user fees (incurred/paid) \$325,955
b.	Transitional ACA Reinsurance Program	
	Assets	
	1.	Amounts recoverable for claims paid due to ACA Reinsurance \$0



Notes to Financial Statements

	2.	Amounts recoverable for claims unpaid due to ACA Reinsurance (Contra Liability)	\$0
	3.	Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance	\$0
	Liabilities		
	4.	Liabilities for contributions payable due to ACA Reinsurance - not reported as ceded premium	\$0
	5.	Ceded reinsurance premiums payable due to ACA Reinsurance	\$0
	6.	Liability for amounts held under uninsured plans contributions for ACA Reinsurance	\$0
	Operations (Revenue & Expense)		
	7.	Ceded reinsurance premiums due to ACA Reinsurance	\$56,182
	8.	Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments	\$0
	9.	ACA Reinsurance Contributions - not reported as ceded premium	\$0
c.	Temporary ACA Risk Corridors Program		
	Assets		
	1.	Accrued retrospective premium due to ACA Risk Corridors	\$0
	Liabilities		
	2.	Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors	\$0
	Operations (Revenue & Expense)		
	3.	Effect of ACA Risk Corridors on net premium income (paid/received)	(\$60,818)
	4.	Effect of ACA Risk Corridors on change in reserves for rate credits	\$0

(3) Rollfoward of prior year ACA risk-sharing provisions for the following asset (gross of any nonadmission) and liability balances, along with the reason for any adjustments to prior year balance.

		Accrued During the Prior Year on Business Written Before December 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before December 31 of the Prior Year		Differences		Adjustments			Unsettled Balances as of the Reporting Date	
						Prior Year Accrued Less Payments (Col 1-3)	Prior Year Accrued Less Payments (Col 2-4)	To Prior Year Balances	To Prior Year Balances		Cumulative Balance from Prior Years (Col 1-3+7)	Cumulative Balance from Prior Years (Col 2-4+8)
						5	6	7	8		9	10
		1	2	3	4					Ref		
		Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)		Receivable	(Payable)
a.	Permanent ACA Risk Adjustment Program											
	1 . Premium adjustments receivable	0		42,660		(42,660)		42,660			0	
	2 . Premium adjustments (payable)											
	3 . Subtotal ACA Permanent Risk Adjustment Program	0		42,660		(42,660)		42,660			0	
b.	Transitional ACA Reinsurance Program											
	1 . Amounts recoverable for claims paid											
	2 . Amounts recoverable for claims unpaid (contra liability)											
	3 . Amounts receivable relating to uninsured plans											
	4 . Liabilities for contributions payable due to ACA Reinsurance - not reported as ceded premium											
	5 . Ceded reinsurance premiums payable											
	6 . Liability for amounts held under uninsured plans											
	7 . Subtotal ACA Transitional Reinsurance Program											
c.	Temporary ACA Risk Corridors Program											
	1 . Accrued retrospective premium		0		60,818		(60,818)		60,818			0
	2 . Reserve for rate credits or policy experience rating refunds											
	3 . Subtotal ACA Risk Corridors Program		0		60,818		(60,818)		60,818			0
d	Total for ACA Risk Sharing Provisions	0	0	42,660	60,818	(42,660)	(60,818)	42,660	60,818		0	0

Notes to Financial Statements

(4) Roll-forward of Risk Corridors Asset and Liability Balances by Program Benefit Year

Risk Corridor Program Year		Accrued During the Prior Year on Business Written Before December 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before December 31 of the Prior Year		Differences		Adjustments			Unsettled Balances as of the Reporting Date	
						Prior Year Accrued Less Payments (Col 1-3)	Prior Year Accrued Less Payments (Col 2-4)	To Prior Year Balances	To Prior Year Balances		Cumulative Balance from Prior Years (Col 1-3+7)	Cumulative Balance from Prior Years (Col 2-4+8)
		1	2	3	4	5	6	7	8	Ref	9	10
		Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)		Receivable	(Payable)
a.	2014											
	1.	Accrued retrospective premium										
	2.	Reserve for rate credits or policy experience rating refunds										
b.	2015											
	1.	Accrued retrospective premium										
	2.	Reserve for rate credits or policy experience rating refunds										
c.	2016											
	1.	Accrued retrospective premium	0		60,818		(60,818)		60,818			0
	2.	Reserve for rate credits or policy experience rating refunds										
d.	Total for Risk Corridors		0		60,818		(60,818)		60,818			0

(5) ACA Risk Corridors Receivable as of Reporting Date

		1	2	3	4	5	6
		Estimated Amount to be Filed or Final Amount Filed with CMS	Non-Accrued Amounts for Impairment or Other Reasons	Amounts received from CMS	Asset Balance (Gross of Non-admissions) (1-2-3)	Non-admitted amount	Net Admitted Asset (4-5)
a.	2014						
b.	2015						
c.	2016						
d.	Total (a+b+c)						

25. Changes in Incurred Losses and Loss Adjustment Expenses

Reserves as of December 31, 2015 were \$296,335,905 for unpaid claims and incentives and \$1,470,548 for unpaid claims adjustment expenses. As of December 31, 2016, \$257,931,541 has been paid for incurred claims and claims adjustment expenses attributable to insured events of prior years. There are \$32,441,028 reserves remaining for prior years. Therefore there has been a \$5,963,336 favorable prior year development since December 31, 2015 to December 31, 2016. Original estimates are increased or decreased as additional information becomes know regarding individual claims.

26. Intercompany Pooling Arrangements

None

27. Structured Settlements

None

28. Health Care Receivables

A. Pharmaceutical Rebate Receivables

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More Than 180 Days After Billing
12/31/2016	2,575,258	1,674,694	658,990	-	-
9/30/2016	-	-	-	-	-
6/30/2016	-	-	-	-	-
3/31/2016	-	-	-	-	-
12/31/2015	2,738,896	2,560,998	1,309,664	1,056,850	194,484
9/30/2015	-	-	-	-	-
6/30/2015	-	-	-	-	-
3/31/2015	-	-	-	-	-

Notes to Financial Statements

12/31/2014	1,666,617	1,574,961	398,384	780,862	395,715
9/30/2014	-	-	-	-	-
6/30/2014	-	-	-	-	-
3/31/2014	-	-	-	-	-

B. Risk Sharing Receivables - None

29. Participating Policies

None

30. Premium Deficiency Reserves

1. Liability carried for premium deficiency reserves	\$ 0
2. Date of the most recent evaluation of this liability	12/31/2016
3. Was anticipated investment income utilized in the calculation? (Yes / No)	No

31. Anticipated Salvage and Subrogation

None

GENERAL INTERROGATORIES  
PART 1 - COMMON INTERROGATORIES  
GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?  
If yes, complete Schedule Y, Parts 1, 1A and 2.

Yes[X] No[ ]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes[X] No[ ] N/A[ ]  
Michigan
- 1.3 State Regulating?
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes[ ] No[X]
- 2.2 If yes, date of change:
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2014
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2014
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

03/31/2016
- 3.4 By what department or departments?  
State of Michigan DIFS
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments?

Yes[ ] No[ ] N/A[X]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with?

Yes[X] No[ ] N/A[ ]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business?

Yes[ ] No[X]
- 4.12 renewals?

Yes[ ] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business?

Yes[ ] No[X]
- 4.22 renewals?

Yes[ ] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes[ ] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes[ ] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes[ ] No[X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control

0.000%
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1	2
Nationality	Type of Entity

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes[ ] No[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms?

Yes[ ] No[X]
- 8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.

1	2	3	4	5	6
Affiliate Name	Location (City, State)	FRB	OCC	FDIC	SEC
		Yes[ ] No[X] ..	Yes[ ] No[X] ..	Yes[ ] No[X] ..	Yes[ ] No[X] ..

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
Plante & Moran, PLLC 27400 Northwestern Hwy, Southfield, MI 48034
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation?

Yes[ ] No[X]
- 10.2 If response to 10.1 is yes, provide information related to this exemption:
- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation?

Yes[ ] No[X]
- 10.4 If response to 10.3 is yes, provide information related to this exemption:
- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws?

Yes[X] No[ ] N/A[ ]
- 10.6 If the response to 10.5 is no or n/a please explain:
11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
Brad Piper, Milliman USA 15800 Bluemound Rd. Suite 400 Brookfield, WI 53005-6069; Actuary/consultant with an actuarial firm

GENERAL INTERROGATORIES (Continued)

- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes[ ] No[X]
- 12.11 Name of real estate holding company
- 12.12 Number of parcels involved

0
- 12.13 Total book/adjusted carrying value

\$0
- 12.2 If yes, provide explanation
13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes[ ] No[ ] N/A[X]
- 13.3 Have there been any changes made to any of the trust indentures during the year?

Yes[ ] No[ ] N/A[X]
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes?

Yes[ ] No[ ] N/A[X]
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

Yes[X] No[ ]
- a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- c. Compliance with applicable governmental laws, rules and regulations;
- d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- e. Accountability for adherence to the code.
- 14.11 If the response to 14.1 is no, please explain:
- 14.2 Has the code of ethics for senior managers been amended?

Yes[ ] No[X]
- 14.21 If the response to 14.2 is yes, provide information related to amendment(s).
- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers?

Yes[ ] No[X]
- 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).
- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List?

Yes[ ] No[X]
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

	1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount
15.2001	.....	.....	.....	.....

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof?

Yes[X] No[ ]
17. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?

Yes[X] No[ ]
18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?

Yes[X] No[ ]

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?

Yes[ ] No[X]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11 To directors or other officers

\$0
- 20.12 To stockholders not officers

\$0
- 20.13 Trustees, supreme or grand (Fraternal only)

\$0
- 20.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.21 To directors or other officers

\$0
- 20.22 To stockholders not officers

\$0
- 20.23 Trustees, supreme or grand (Fraternal only)

\$0
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

Yes[ ] No[X]
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Rented from others

\$0
- 21.22 Borrowed from others

\$0
- 21.23 Leased from others

\$0
- 21.24 Other

\$0
- 22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

Yes[ ] No[X]
- 22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment

\$0
- 22.22 Amount paid as expenses

\$0
- 22.23 Other amounts paid

\$0
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes[ ] No[X]
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:

\$0

INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03)

Yes[X] No[ ]
- 24.02 If no, give full and complete information, relating thereto
- 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)
- 24.04 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?

Yes[ ] No[ ] N/A[X]
- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs.

\$0
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs.

\$0
- 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?

Yes[ ] No[ ] N/A[X]
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?

Yes[ ] No[ ] N/A[X]



GENERAL INTERROGATORIES (Continued)

1 Central Registration Depository Number	2  Name of Firm or Individual	3 Legal Entity Identifier (LEI)	4  Registered With	5 Investment Management Agreement (IMA) Filed
134261 .....	RSW Investments .....	n/a .....	SEC .....	NO .....
110297 .....	Madison Scottsdale .....	n/a .....	SEC .....	NO .....
19616 .....	Wells Fargo Advisors .....	88KRVS0EKUGQZI3DKW55 ..	SEC .....	NO .....

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D - Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b)(1)])?

29.2 If yes, complete the following schedule:

Yes[X] No[ ]

1  CUSIP #	2  Name of Mutual Fund	3 Book/Adjusted Carrying Value
..... 09251T509 .....	BLACKROCK GLOBAL ALLOC CL I MF .....	..... 719,719
..... 24610C857 .....	DELAWARE VAL CL I MF .....	..... 1,004,182
..... 277902474 .....	EATON VANCE RB AA STR;I .....	..... 1,043,170
..... 30254T759 .....	FPA TRUST FPA CRESCENT CL INST MF .....	..... 1,070,679
..... 314172412 .....	FEDERATED KAUF LC;INST .....	..... 914,363
..... 32008F606 .....	FIRST EAGLE GLOBAL CL I MF .....	..... 1,059,963
..... 413838822 .....	OAKMARK GLOBAL SELECT;I .....	..... 1,167,224
..... 464289859 .....	ISHARES: CORE AGGR ALLOC .....	..... 960,691
..... 47804M878 .....	JOHN HANCOCK GLB ABS RTN STR CL I MF .....	..... 627,506
..... 74253Q747 .....	PRINCIPAL MIDCAP CL INSTITUTIONAL MF .....	..... 719,908
..... 743969685 .....	PRU JENN GLOBAL OPPS;Z .....	..... 1,085,569
..... 92913R566 .....	VOYA: SMALL CO;I .....	..... 395,640
..... 94987W737 .....	WF ABSOLUTE RETURN CL INST MF .....	..... 709,517
29.2999 Total .....		..... 11,478,133

29.3 For each mutual fund listed in the table above, complete the following schedule:

1  Name of Mutual Fund (from above table)	2  Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
BLACKROCK GLOBAL ALLOC CL I MF .....	US Treasury Note 1.25% .....	..... 40,808	..... 12/31/2016 ..
DELAWARE VAL CL I MF .....	Chevron Corp .....	..... 32,234	..... 12/31/2016 ..
EATON VANCE RB AA STR;I .....	iShares 0-5 Year High Yield Corp Bd .....	..... 80,741	..... 12/31/2016 ..
FPA TRUST FPA CRESCENT CL INST MF .....	Oracle Corp .....	..... 39,615	..... 12/31/2016 ..
FEDERATED KAUF LC;INST .....	Alphabet Inc A .....	..... 26,791	..... 12/31/2016 ..
FIRST EAGLE GLOBAL CL I MF .....	Gold Commodity In Ounces .....	..... 66,990	..... 12/31/2016 ..
OAKMARK GLOBAL SELECT;I .....	Bank of America Corporation .....	..... 80,188	..... 12/31/2016 ..
ISHARES: CORE AGGR ALLOC .....	iShares Core S&P 500 .....	..... 377,936	..... 12/31/2016 ..
JOHN HANCOCK GLB ABS RTN STR CL I MF .....	Aust 10y Bond Fut .....	..... 103,601	..... 12/31/2016 ..
PRINCIPAL MIDCAP CL INSTITUTIONAL MF .....	Brookfield Asset Management Inc .....	..... 34,412	..... 12/31/2016 ..
PRU JENN GLOBAL OPPS;Z .....	Tencent Holdings Ltd .....	..... 61,877	..... 12/31/2016 ..
VOYA: SMALL CO;I .....	iShares Russell 2000 .....	..... 7,478	..... 12/31/2016 ..
WF ABSOLUTE RETURN CL INST MF .....	GMO Implementation .....	..... 555,197	..... 12/31/2016 ..

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1  Statement (Admitted) Value	2  Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds .....	..... 181,131,821	..... 180,968,070	..... (163,751)
30.2 Preferred stocks .....			
30.3 Totals .....	..... 181,131,821	..... 180,968,070	..... (163,751)

30.4 Describe the sources or methods utilized in determining the fair values:  
Month end market analysis/valuation

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source?

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

Yes[X] No[ ]

Yes[X] No[ ] N/A[ ]

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Investment Analysis Office been followed?

32.2 If no, list exceptions:

Yes[X] No[ ]

OTHER

33.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?

33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

\$..... 0

GENERAL INTERROGATORIES (Continued)

1	2
Name	Amount Paid
.....	.....

34.1 Amount of payments for legal expenses, if any?

34.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

\$..... 0

1	2
Name	Amount Paid
.....	.....

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any?

35.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

\$..... 0

1	2
Name	Amount Paid
.....	.....



GENERAL INTERROGATORIES (Continued)

PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes[ ] No[X]

1.2 If yes, indicate premium earned on U.S. business only:

\$ ..... 0

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$ ..... 0

1.31 Reason for excluding:

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$ ..... 0

1.5 Indicate total incurred claims on all Medicare Supplement insurance.

\$ ..... 0

1.6 Individual policies - Most current three years:

1.61 TOTAL Premium earned

\$ ..... 0

1.62 TOTAL Incurred claims

\$ ..... 0

1.63 Number of covered lives

..... 0

All years prior to most current three years:

1.64 TOTAL Premium earned

\$ ..... 0

1.65 TOTAL Incurred claims

\$ ..... 0

1.66 Number of covered lives

..... 0

1.7 Group policies - Most current three years:

1.71 TOTAL Premium earned

\$ ..... 0

1.72 TOTAL Incurred claims

\$ ..... 0

1.73 Number of covered lives

..... 0

All years prior to most current three years:

1.74 TOTAL Premium earned

\$ ..... 0

1.75 TOTAL Incurred claims

\$ ..... 0

1.76 Number of covered lives

..... 0

2. Health Test

		1	2
		Current Year	Prior Year
2.1	Premium Numerator .....	2,362,733,763	2,069,742,591
2.2	Premium Denominator .....	2,362,733,763	2,069,742,591
2.3	Premium Ratio (2.1 / 2.2) .....	1.000	1.000
2.4	Reserve Numerator .....	317,673,304	296,740,506
2.5	Reserve Denominator .....	317,673,304	296,740,506
2.6	Reserve Ratio (2.4 / 2.5) .....	1.000	1.000

3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes[ ] No[X]

3.2 If yes, give particulars:

4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?

Yes[X] No[ ]

4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes[ ] No[ ] N/A[X]

5.1 Does the reporting entity have stop-loss reinsurance?

Yes[X] No[ ]

5.2 If no, explain:

5.3 Maximum retained risk (see instructions):

5.31 Comprehensive Medical

\$ ..... 345,000

5.32 Medical Only

\$ ..... 0

5.33 Medicare Supplement

\$ ..... 0

5.34 Dental & Vision

\$ ..... 0

5.35 Other Limited Benefit Plan

\$ ..... 0

5.36 Other

\$ ..... 0

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

Hold harmless provisions, Insolvency coverage under reinsurance policy and State Mandated Trust Fund

7.1 Does the reporting entity set up its claim liability for provider services on a service date basis?

Yes[X] No[ ]

7.2 If no, give details:

8. Provide the following information regarding participating providers:

8.1 Number of providers at start of reporting year

..... 29,143

8.2 Number of providers at end of reporting year

..... 33,865

9.1 Does the reporting entity have business subject to premium rate guarantees?

Yes[ ] No[X]

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months

..... 0

9.22 Business with rate guarantees over 36 months

..... 0

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?

Yes[X] No[ ]

10.2 If yes:

10.21 Maximum amount payable bonuses

\$ ..... 12,521,810

10.22 Amount actually paid for year bonuses

\$ ..... 9,572,417

10.23 Maximum amount payable withholds

\$ ..... 0

10.24 Amount actually paid for year withholds

\$ ..... 0

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model,

Yes[ ] No[X]

11.13 An Individual Practice Association (IPA), or,

Yes[ ] No[X]

11.14 A Mixed Model (combination of above)?

Yes[ ] No[X]

11.2 Is the reporting entity subject to Statutory Minimum Capital and Surplus Requirements?

Yes[X] No[ ]

11.3 If yes, show the name of the state requiring such minimum capital and surplus.

Michigan

11.4 If yes, show the amount required.

\$ ..... 139,768,916

11.5 Is this amount included as part of a contingency reserve in stockholder's equity?

Yes[ ] No[X]

11.6 If the amount is calculated, show the calculation.

200% of Authorized Control Level

12. List service areas in which the reporting entity is licensed to operate:

1
Name of Service Area
Alcona .....
Allegan .....
Alpena .....
Antrim .....
Arenac .....
Barry .....
Bay .....
Benzie .....

GENERAL INTERROGATORIES (Continued)

1
Name of Service Area
Berrien .....
Branch .....
Calhoun .....
Cass .....
Charlevoix .....
Cheboygan .....
Clare .....
Clinton .....
Crawford .....
Eaton .....
Emmet .....
Genesee .....
Gladwin .....
Grand Traverse .....
Gratiot .....
Hillsdale .....
Huron .....
Ingham .....
Ionia .....
Iosco .....
Isabella .....
Jackson .....
Kalamazoo .....
Kalkaska .....
Kent .....
Lake .....
Lapeer .....
Leelanau .....
Lenawee .....
Livingston .....
Macomb .....
Manistee .....
Mason .....
Mecosta .....
Midland .....
Missaukee .....
Monroe .....
Montcalm .....
Montmorency .....
Muskegon .....
Newaygo .....
Oakland .....
Oceana .....
Ogemaw .....
Osceola .....
Oscoda .....
Otsego .....
Ottawa .....
Presque Isle .....
Roscommon .....
Saginaw .....
Sanilac .....
Shiawassee .....
St. Clair .....
St. Joseph .....
Tuscola .....
Van Buren .....
Washtenaw .....
Wayne .....
Wexford .....

13.1 Do you act as a custodian for health savings accounts?

Yes[ ] No[X]

13.2 If yes, please provide the amount of custodial funds held as of the reporting date:

\$ ..... 0

13.3 Do you act as an administrator for health savings accounts?

Yes[ ] No[X]

13.4 If yes, please provide the balance of the funds administered as of the reporting date:

\$ ..... 0

14.1 Are any of the captive affiliates reported on Schedule S, Part 3, as authorized reinsurers?

Yes[ ] No[ ] N/A[X]

14.2 If the answer to 14.1 is yes, please provide the following:

1	2	3	4	Assets Supporting Reserve Credit		
				5	6	7
Company Name	NAIC Company Code	Domiciliary Jurisdiction	Reserve Credit	Letters of Credit	Trust Agreements	Other
.....	.....	.....	.....	.....	.....	.....

15. Provide the following for individual ordinary life insurance\* policies (U.S. business only) for the current year (prior to reinsurance assumed or ceded)

15.1 Direct Premium Written

\$ ..... 0

15.2 Total incurred claims

\$ ..... 0

15.2 Number of covered lives

..... 0

*Ordinary Life Insurance Includes
Term (whether full underwriting, limited underwriting, jet issue, "short form app")
Whole Life (whether full underwriting, limited underwriting, jet issue, "short form app")
Variable Life (with or without Secondary Guarantee)
Universal Life (with or without Secondary Guarantee)
Variable Universal Life (with or without Secondary Guarantee)

FIVE-YEAR HISTORICAL DATA

	1 2016	2 2015	3 2014	4 2013	5 2012
<b>BALANCE SHEET (Pages 2 and 3)</b>					
1. TOTAL Admitted Assets (Page 2, Line 28) .....	537,364,000	477,647,078	324,504,653	210,488,595	191,571,973
2. TOTAL Liabilities (Page 3, Line 24) .....	352,023,568	324,211,138	217,105,169	121,865,095	109,591,473
3. Statutory minimum capital and surplus requirement .....	139,768,916	121,286,809	82,375,390	62,537,336	55,753,808
4. TOTAL Capital and Surplus (Page 3, Line 33) .....	185,340,432	153,435,940	107,399,484	88,623,500	81,980,500
<b>INCOME STATEMENT (Page 4)</b>					
5. TOTAL Revenues (Line 8) .....	2,420,839,900	2,113,238,730	1,443,317,837	1,058,587,125	957,354,658
6. TOTAL Medical and Hospital Expenses (Line 18) .....	2,029,293,535	1,753,322,278	1,205,558,123	935,980,082	821,306,622
7. Claims adjustment expenses (Line 20) .....	7,804,708	8,438,081	4,399,240	3,782,746	4,011,886
8. TOTAL Administrative Expenses (Line 21) .....	359,759,848	328,865,346	222,736,161	111,871,077	125,379,995
9. Net underwriting gain (loss) (Line 24) .....	23,981,809	22,613,025	11,580,313	6,470,220	6,316,155
10. Net investment gain (loss) (Line 27) .....	1,954,424	1,418,835	1,748,065	1,453,495	1,937,125
11. TOTAL Other Income (Lines 28 plus 29) .....	38,526	184,201	217,082	82,652	
12. Net income or (loss) (Line 32) .....	3,870,927	6,828,168	3,391,695	5,694,856	5,214,465
<b>Cash Flow (Page 6)</b>					
13. Net cash from operations (Line 11) .....	(7,811,893)	66,979,171	63,785,740	23,323,532	2,269,516
<b>RISK-BASED CAPITAL ANALYSIS</b>					
14. TOTAL Adjusted Capital .....	185,340,432	153,435,940	107,399,484	88,623,500	81,980,500
15. Authorized control level risk-based capital .....	69,884,458	60,643,405	41,187,695	31,268,496	27,876,904
<b>ENROLLMENT (Exhibit 1)</b>					
16. TOTAL Members at End of Period (Column 5, Line 7) .....	504,832	455,299	379,347	296,655	295,260
17. TOTAL Members Months (Column 6, Line 7) .....	5,869,051	5,153,310	4,259,158	3,541,544	3,504,919
<b>OPERATING PERCENTAGE (Page 4)</b>					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5) .....	100.0	100.0	100.0	100.0	100.0
19. TOTAL Hospital and Medical plus other non-health (Lines 18 plus Line 19) .....	85.9	84.7	85.0	88.4	85.8
20. Cost containment expenses .....	0.0				
21. Other claims adjustment expenses .....	0.3	0.4	0.3	0.4	0.4
22. TOTAL Underwriting Deductions (Line 23) .....	101.4	101.0	100.9	99.4	99.3
23. TOTAL Underwriting Gain (Loss) (Line 24) .....	1.0	1.1	0.8	0.6	0.7
<b>UNPAID CLAIMS ANALYSIS</b>					
(U&I Exhibit, Part 2B)					
24. TOTAL Claims Incurred for Prior Years (Line 13, Column 5) .....	290,372,569	199,707,863	113,577,211	96,129,487	90,797,477
25. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)] .....	296,335,905	198,534,685	114,684,987	103,746,899	98,520,768
<b>INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES</b>					
26. Affiliated bonds (Sch. D Summary, Line 12, Column 1) .....					
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Column 1) .....					
28. Affiliated common stocks (Sch. D Summary, Line 24, Column 1) .....					
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10) .....					
30. Affiliated mortgage loans on real estate .....					
31. All other affiliated .....					
32. TOTAL of Above Lines 26 to 31 .....					
33. TOTAL Investment in Parent Included in Lines 26 to 31 above .....					

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors? Yes[ ] No[ ] N/A[X]

If no, please explain::

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS
ALLOCATED BY STATES AND TERRITORIES

		1	Direct Business Only							
			2	3	4	5	6	7	8	9
State, Etc.		Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Plan Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit - Type Contracts
1.	Alabama (AL)	N								
2.	Alaska (AK)	N								
3.	Arizona (AZ)	N								
4.	Arkansas (AR)	N								
5.	California (CA)	N								
6.	Colorado (CO)	N								
7.	Connecticut (CT)	N								
8.	Delaware (DE)	L								
9.	District of Columbia (DC)	L								
10.	Florida (FL)	N								
11.	Georgia (GA)	N								
12.	Hawaii (HI)	N								
13.	Idaho (ID)	N								
14.	Illinois (IL)	L								
15.	Indiana (IN)	L	808,609						808,609	
16.	Iowa (IA)	N								
17.	Kansas (KS)	N								
18.	Kentucky (KY)	L	576,919						576,919	
19.	Louisiana (LA)	N								
20.	Maine (ME)	L								
21.	Maryland (MD)	N								
22.	Massachusetts (MA)	N								
23.	Michigan (MI)	L	6,796,942	130,220,049	2,225,041,223				2,362,058,214	
24.	Minnesota (MN)	N								
25.	Mississippi (MS)	N								
26.	Missouri (MO)	N								
27.	Montana (MT)	N								
28.	Nebraska (NE)	N								
29.	Nevada (NV)	N								
30.	New Hampshire (NH)	N								
31.	New Jersey (NJ)	N								
32.	New Mexico (NM)	N								
33.	New York (NY)	N								
34.	North Carolina (NC)	N								
35.	North Dakota (ND)	N								
36.	Ohio (OH)	L	1,440,963						1,440,963	
37.	Oklahoma (OK)	N								
38.	Oregon (OR)	N								
39.	Pennsylvania (PA)	N								
40.	Rhode Island (RI)	N								
41.	South Carolina (SC)	N								
42.	South Dakota (SD)	N								
43.	Tennessee (TN)	N								
44.	Texas (TX)	N								
45.	Utah (UT)	N								
46.	Vermont (VT)	N								
47.	Virginia (VA)	N								
48.	Washington (WA)	N								
49.	West Virginia (WV)	N								
50.	Wisconsin (WI)	N								
51.	Wyoming (WY)	N								
52.	American Samoa (AS)	N								
53.	Guam (GU)	N								
54.	Puerto Rico (PR)	N								
55.	U.S. Virgin Islands (VI)	N								
56.	Northern Mariana Islands (MP)	N								
57.	Canada (CAN)	N								
58.	Aggregate other alien (OT)	X X X								
59.	Subtotal	X X X	9,623,433	130,220,049	2,225,041,223				2,364,884,705	
60.	Reporting entity contributions for Employee Benefit Plans	X X X								
61.	TOTAL (Direct Business)	(a) - 8	9,623,433	130,220,049	2,225,041,223				2,364,884,705	

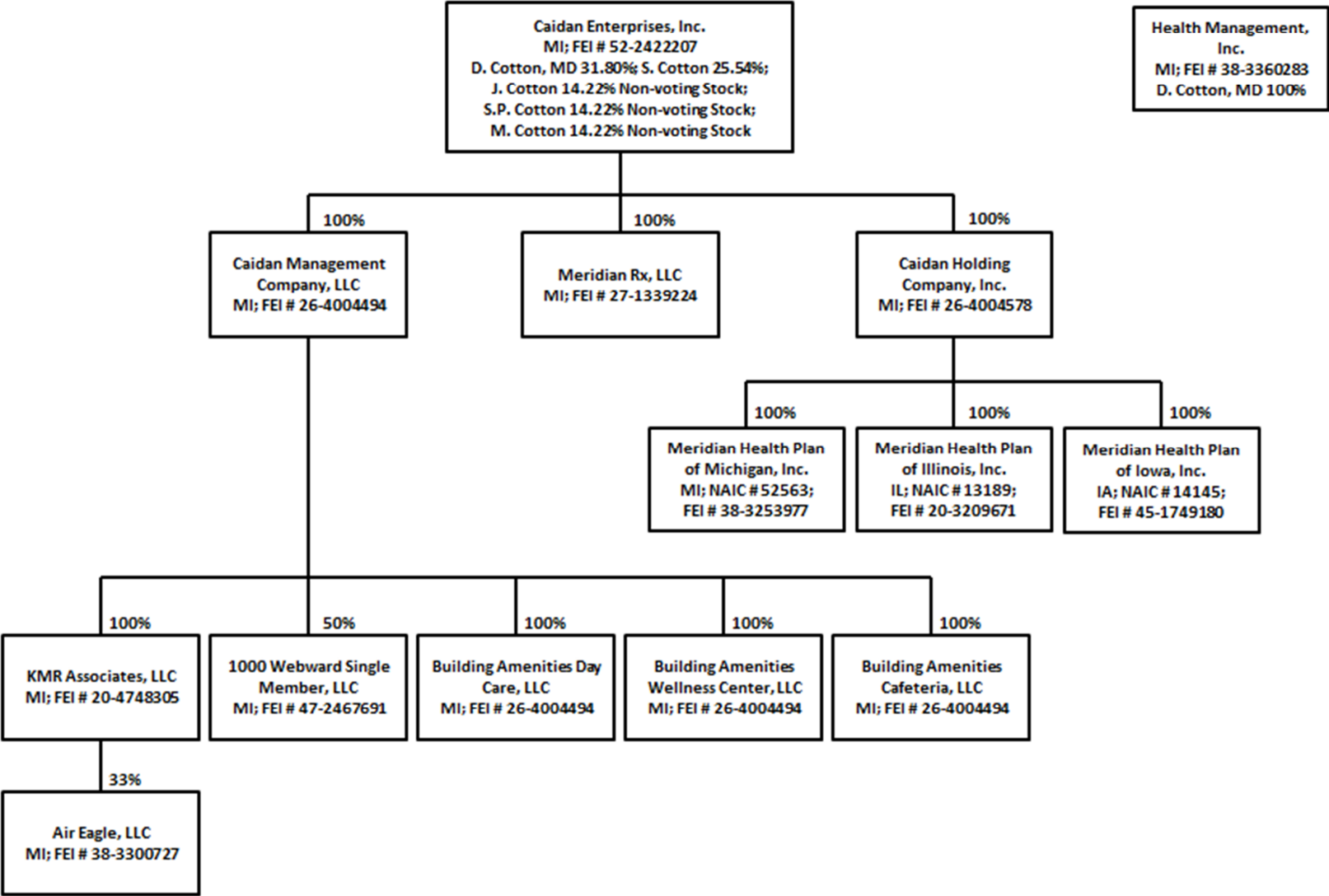
DETAILS OF WRITE-INS										
58001.	X X X									
58002.	X X X									
58003.	X X X									
58998.Summary of remaining write-ins for Line 58 from overflow page	X X X									
58999.TOTALS (Lines 58001 through 58003 plus 58998) (Line 58 above)	X X X									

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

(a) Insert the number of L responses except for Canada and Other Alien.  
Explanation of basis of allocation by state, premiums by state, etc.: The Company does not allocate premiums amongst various jurisdictions

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER  
MEMBERS OF A HOLDING COMPANY GROUP  
PART 1 - ORGANIZATIONAL CHART

SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP  
PART 1 – ORGANIZATIONAL CHART



Health Management,  
Inc.  
MI; FEI # 38-3360283  
D. Cotton, MD 100%

INDEX TO HEALTH  
ANNUAL STATEMENT

Analysis of Operations By Lines of Business .....	7
Assets .....	2
Cash Flow .....	6
Exhibit 1 - Enrollment By Product Type for Health Business Only .....	17
Exhibit 2 - Accident and Health Premiums Due and Unpaid .....	18
Exhibit 3 - Health Care Receivables .....	19
Exhibit 3A - Analysis of Health Care Receivables Collected and Accrued .....	20
Exhibit 4 - Claims Unpaid and Incentive Pool, Withhold and Bonus .....	21
Exhibit 5 - Amounts Due From Parent, Subsidiaries and Affiliates .....	22
Exhibit 6 - Amounts Due To Parent, Subsidiaries and Affiliates .....	23
Exhibit 7 - Part 1 - Summary of Transactions With Providers .....	24
Exhibit 7 - Part 2 - Summary of Transactions With Intermediaries .....	24
Exhibit 8 - Furniture, Equipment and Supplies Owned .....	25
Exhibit of Capital Gains (Losses) .....	15
Exhibit of Net Investment Income .....	15
Exhibit of Nonadmitted Assets .....	16
Exhibit of Premiums, Enrollment and Utilization (State Page) .....	30
Five-Year Historical Data .....	29
General Interrogatories .....	27
Jurat Page .....	1
Liabilities, Capital and Surplus .....	3
Notes To Financial Statements .....	26
Overflow Page For Write-ins .....	44
Schedule A - Part 1 .....	E01
Schedule A - Part 2 .....	E02
Schedule A - Part 3 .....	E03
Schedule A - Verification Between Years .....	SI02
Schedule B - Part 1 .....	E04
Schedule B - Part 2 .....	E05
Schedule B - Part 3 .....	E06
Schedule B - Verification Between Years .....	SI02
Schedule BA - Part 1 .....	E07
Schedule BA - Part 2 .....	E08
Schedule BA - Part 3 .....	E09
Schedule BA - Verification Between Years .....	SI03
Schedule D - Part 1 .....	E10
Schedule D - Part 1A - Section 1 .....	SI05
Schedule D - Part 1A - Section 2 .....	SI08
Schedule D - Part 2 - Section 1 .....	E11
Schedule D - Part 2 - Section 2 .....	E12
Schedule D - Part 3 .....	E13
Schedule D - Part 4 .....	E14
Schedule D - Part 5 .....	E15
Schedule D - Part 6 - Section 1 .....	E16
Schedule D - Part 6 - Section 2 .....	E16
Schedule D - Summary By Country .....	SI04
Schedule D - Verification Between Years .....	SI03
Schedule DA - Part 1 .....	E17
Schedule DA - Verification Between Years .....	SI10
Schedule DB - Part A - Section 1 .....	E18
Schedule DB - Part A - Section 2 .....	E19
Schedule DB - Part A - Verification Between Years .....	SI11
Schedule DB - Part B - Section 1 .....	E20
Schedule DB - Part B - Section 2 .....	E21
Schedule DB - Part B - Verification Between Years .....	SI11
Schedule DB - Part C - Section 1 .....	SI12
Schedule DB - Part C - Section 2 .....	SI13
Schedule DB - Part D - Section 1 .....	E22
Schedule DB - Part D - Section 2 .....	E23

INDEX TO HEALTH  
ANNUAL STATEMENT

Schedule DB - Verification .....	SI14
Schedule DL - Part 1 .....	E24
Schedule DL - Part 2 .....	E25
Schedule E - Part 1 - Cash .....	E26
Schedule E - Part 2 - Cash Equivalents .....	E27
Schedule E - Part 3 - Special Deposits .....	E28
Schedule E - Verification Between Years .....	SI15
Schedule S - Part 1 - Section 2 .....	31
Schedule S - Part 2 .....	32
Schedule S - Part 3 - Section 2 .....	33
Schedule S - Part 4 .....	34
Schedule S - Part 5 .....	35
Schedule S - Part 6 .....	36
Schedule S - Part 7 .....	37
Schedule T - Part 2 - Interstate Compact .....	39
Schedule T - Premiums and Other Considerations .....	38
Schedule Y - Part 1 - Information Concerning Activities of Insurer Members of a Holding Company Group .....	40
Schedule Y - Part 1A - Detail of Insurance Holding Company System .....	41
Schedule Y - Part 2 - Summary of Insurer's Transactions With Any Affiliates .....	42
Statement of Revenue and Expenses .....	4
Summary Investment Schedule .....	SI01
Supplemental Exhibits and Schedules Interrogatories .....	43
Underwriting and Investment Exhibit - Part 1 .....	8
Underwriting and Investment Exhibit - Part 2 .....	9
Underwriting and Investment Exhibit - Part 2A .....	10
Underwriting and Investment Exhibit - Part 2B .....	11
Underwriting and Investment Exhibit - Part 2C .....	12
Underwriting and Investment Exhibit - Part 2D .....	13
Underwriting and Investment Exhibit - Part 3 .....	14